EXHIBIT 27

From:	Daniel McNeil </O=CUSHMAN AND WAKEFIELD/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=DMCNEIL>
Sent:	Thursday, November 16, 2006 9:11 PM
To:	Olivia Baer <Olivia.Baer@cushwake.com>
Subject:	06 - 22002 - 9344 - JFK Land
Attach:	JFKLandCW069344.pdf; 1069344.doc; 1069344.xls

Olivia - This has been out in draft but is now final - please lock down for me - it does not seem to take for me - please.

Please email pdf report to naselsky@blankrome.com & arjan@rworldacquisitionpartners.com - also ask how many finals needed.

Daniel J. McNeil, MAI
Cushman & Wakefield of Pennsylvania, Inc.
Valuation Services, Capital Markets Group
Bell Atlantic Tower
1717 Arch Street, Floor No. 30
Philadelphia, PA. 19103
(T) 215 - 963 - 4110
(F) 215 - 569 - 8657
E-Mail - daniel.mcNeil@cushwake.com

PENGAD 800-631-6989
EXHIBIT
P-78
6-24-16 mer

COMPLETE APPRAISAL OF REAL PROPERTY

An 8.1671+/- Acre Development Site Comprised Of 4 Non-Contiguous Sections Under 5 Legally Defined Parcels - All Intersected By And Interconnecting Through An Active SEPTA Railroad Right-Of-Way
(1) 2001- 2045 John F. Kennedy Boulevard
(2) 2101 - 2145 John F. Kennedy Boulevard
(3) 2201 - 2245 John F. Kennedy Boulevard
(4) 2301 - 2345 John F. Kennedy Boulevard & 60 North 23rd Street
Center City Philadelphia, Pennsylvania 19103

IN A SELF CONTAINED APPRAISAL REPORT

As of August 1, 2006 – Projected Date of Acquisition

Date of Inspection - June 9, 2006

Prepared For:

Mr. Charles M. Naselsky
Attorney For Client
Cozen O'Connor, P.C. on behalf of its client J.F.K. Acquisition G.P., L.L.C.
1900 Market Street
Philadelphia, Pennsylvania 19103 - 3508

Prepared By:

Cushman & Wakefield of Pennsylvania, Inc.
Valuation Services, Capital Markets Group
Bell Atlantic Tower
1717 Arch Street, 30th Floor
Philadelphia, PA 19103

C&W File ID: 06 - 2202 - 9344

CUSHMAN & WAKEFIELD
Global Real Estate Solutions
Cushman & Wakefield of Pennsylvania, Inc.
Bell Atlantic Tower
1717 Arch Street, 30th Floor
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June 23, 2006

Mr. Charles M. Naselsky
Attorney For Client
Cozen O'Connor, P.C. on behalf of its client J.F.K. Acquisition G.P., L.L.C.
1900 Market Street
Philadelphia, Pennsylvania 19103 - 3508

Re: Complete Appraisal of Real Property
In a Self Contained Appraisal Report

An 8.1671+/- Acre Development Site Comprised Of 4 Non-Contiguous Sections Under 5 Legally Defined Parcels - All Intersected By And Interconnecting Through An Active SEPTA Railroad Right-Of-Way
(1) 2001- 2045 John F. Kennedy Boulevard
(2) 2101 - 2145 John F. Kennedy Boulevard
(3) 2201 - 2245 John F. Kennedy Boulevard
(4) 2301 - 2345 John F. Kennedy Boulevard & 60 North 23rd Street
Center City Philadelphia, Pennsylvania 19103
C&W File ID: 06 - 22002 - 9344

Dear Mr. Naselsky:

In fulfillment of our agreement as outlined in the Letter of Engagement, Cushman & Wakefield of Pennsylvania, Inc. is pleased to transmit our report providing our opinion of the As Is Market Value of the Fee Simple Estate in the captioned real estate, free and clear of financing, but subject to an easement for a railroad right of way with the regional transportation authority as of August 1, 2006. Our date of appraisal is the projected date of acquisition, however, the subject property was inspected on June 9, 2006.

The value opinion reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report. We particularly call your attention to the following extraordinary assumptions and hypothetical conditions.

Extraordinary Assumptions

(1) The subject property was inspected on June 9, 2006, however, the existing conditions as of the inspection date are assumed to be similar to the date of value.

(2) A section of the subject property is currently operated as a short term parking lot by a professional operator. This analysis assumes that the operator is operating under a month-to-month operating lease with no leasehold estate.

Hypothetical Conditions

This appraisal employs no hypothetical conditions.

Mr. Charles M. Naselsky
Attorney For Client
June 23, 2006

This report was prepared for **Cozen O'Connor, P.C. on behalf of its client J.F.K. Acquisition G.P., L.L.C.** and is intended only for their specified use. The client together with its professionals, investors and potential lenders may consider the appraisal without further permission. It may not be distributed to or relied upon by any other persons or entities without the written permission of Cushman & Wakefield of Pennsylvania, Inc.

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), including the Competency Provision.

The property was inspected by and the report was prepared by Daniel J. McNeil, MAI under the supervision of Gerald B. McNamara, MAI.

This appraisal employs the Sales Comparison Approach for the valuation of the land as though vacant and unencumbered. The Cost Approach and the Income Capitalization Approach are not considered to be appropriate for this analysis. Thus, these 2 approaches are not employed.

It is our opinion, as a result of our analysis, that the following market value of the of the Fee Simple Estate in the captioned real estate, free and clear of financing, but subject to an easement for a railroad right of way with the regional transportation authority is as follows. It is further subject to our assumptions, limiting conditions, certifications, and definitions identified within this analysis.

As Is Market Value As Of August 1, 2006

SEVENTY SEVEN MILLION DOLLARS

($77,000,000)

It is our opinion that exposure time would have required up to six (6) months based upon transactions that have occurred in the marketplace as well as discussions with knowledgeable market participants. Furthermore, a marketing period of up to six (6) months is considered to be a reasonable estimate for a property such as the subject property.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF PENNSYLVANIA, INC.

Daniel J. McNeil, MAI
Pennsylvania Certified General Appraiser
Certificate No. GA-001718-L

Gerald B. McNamara, MAI
Managing Director
Pennsylvania Certified General Appraiser
Certificate No. GA-000267-L

SUMMARY OF SALIENT FACTS

Property Name:	An 8.1671+/- Acre Development Site Comprised Of 4 Non-Contiguous Sections Under 5 Legally Defined Parcels - All Intersected By And Interconnecting Through An Active SEPTA Railroad Right-Of-Way
Property Address & Location:	(1) 2001- 2045 John F. Kennedy Boulevard (2) 2101 - 2145 John F. Kennedy Boulevard (3) 2201 - 2245 John F. Kennedy Boulevard (4) 2301 - 2345 John F. Kennedy Boulevard & 60 North 23rd Street Center City Philadelphia, Pennsylvania 19103 Northerly side of John F. Kennedy Boulevard, between North 20th and 23rd Streets, extending through to Cuthbert, Walden and Cherry Streets (N) and an active grade level CSX freight railroad right-of-way (W). It is further situated within the northwest quadrant of Center City Philadelphia and the West of Broad office sub-market.
Census Tract:	4.00
Land Area (Aggregate):	8.1671+/- acres (355,758+/- square feet) within 5 legally defined rectangular parcels of which 46.32%+/- (3.7828 acres) lies within an active SEPTA railroad right-of-way. The (4) individual sections are non-contiguous, but interconnecting through the SEPTA railroad right of way which crosses North 21st, 22nd and 23rd Streets via elevated overpasses. The right-of-way represents the primary light railroad line connecting the transportation centers on the east and west banks of the Schuylkill River. The transportation centers include Suburban Station and Market Street East within Center City Philadelphia (E) and 30th Street Station within University City Philadelphia (W). The (4) individual sections range in size from .6330 to 4.7997 acres, averaging 2.0418+/- acres per section. The overall site slopes downward proceeding north of John F. Kennedy Boulevard while ascending from North 20th Street (E) towards the elevated Schuylkill River Bride Crossing (W). The northwesterly section is level and at grade.

Property Description – As Is:	The subject property under appraisal was historically owned and operated as an active railroad right-of-way by the Penn Central Railroad through the circa 1960s. The northwesterly section was likely utilized for industrial land uses due to its proximity to the Schuylkill River and an additional active north/south freight rail spur. It was subsequently acquired by third party interests during the circa 1960s through bankruptcy and liquidation proceedings. It was acquired subject to the SEPTA right-of-way. The subject property under appraisal is attractively landscaped between John F. Kennedy Boulevard and the active SEPTA railroad right-of-way. The active railroad right-of-way is improved with (4) tracks for east and westbound service with overhead power lines and a power station. The northerly elevation of the rail right-of-way is demised by a retaining wall. The remaining area abutting the northerly right-of-way and extending north to Cherry Street is generally level and at grade. It is currently paved and lined for short term and monthly parking (700+/- vehicles). It is managed by a third party operator as both a self-park and valet facility.
Property Description – As Envisioned:	A mixed-use retail, entertainment, office, hotel and residential complex with on-site multi-level parking under a governmentally approved master plan. The complex, identified as "River City", will be constructed in (4) interconnecting sections primarily contained within the air/development rights of a vertical plane. The vertical plane will be situated above the SEPTA railroad right-of-way (27+ feet minimum) and extending over an active CSX railroad right-of-way to the easterly bank of the Schuylkill River. The complex will be comprised of (8) 41- to 62-story Class A commercial office and luxury multi-family buildings which will be interconnecting by an open public plaza within the vertical plane.

SUMMARY OF SALIENT FACTS

Property Description – As Envisioned:	It will contain 3,735+/- residential units, 4,240,000+/- square feet of commercial retail, hotel and office space, 350,000+/- square feet of entertainment space and on-site parking for 5,000+/- vehicles. The project further equates to 10,275,000+/- square feet of rentable/saleable area within a grand total of 12,000,000+/- square feet of building area. Project amenities will include an attractively landscaped open public plaza extending along the entire vertical plane and extending along the Schuylkill River. It will also include an enclosed glass "winter garden". The 4 sections (Nos. 1-4) proceeding east/west will include commercial (retail/office) and residential within Section No. 1, commercial (retail/hotel/office) within Section No. 2, entertainment within Section No. 3, and residential within Section No. 4. Development is projected to occur over the next decade.
Assessor's Parcel Number:	(1) 885014500, (2) 885015000, (3) 885015200, (4) 885015500 & 882160401
Interest Appraised:	Fee Simple Estate, subject to an easement for a railroad right of way with the regional transportation authority.
Date of Inspection:	June 9, 2006
Date of As Is Value:	August 1, 2006
Ownership:	R & F Penn Center Associates, L.P. since December, 1993.
<u>Highest and Best Use</u>	
If Vacant:	Interconnecting mixed-use commercial and residential complex with on-site parking constructed to its maximum allowable density under a governmentally approved master plan.
Value Indicators	**As Is Market Value as of August 1, 2006**
Cost Approach:	N.A.
Sales Comparison Approach- Land:	$77,000,000
Income Capitalization Approach:	N.A.
Final Conclusion of Value:	**$77,000,000 ($216.44 per square foot of lot area)**

Exposure Time

It is our opinion the value conclusion represents a price achievable within six (6) months exposure on the open market based on the assumptions employed in our analysis and selection of investment parameters for the property.

Marketing Time

It is our opinion that a reasonable Marketing Time for the subject property would be up to six (6) months exposure on the open market based upon current projected economic and market trends and considering the investment qualities of the subject property.

Extraordinary Assumptions and Hypothetical Conditions

Extraordinary Assumptions

An extraordinary assumption is defined by the *USPAP* (2005 Edition, The Appraisal Foundation) as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

(1) The subject property was inspected on June 9, 2006, however, the existing conditions as of the inspection date are assumed to be similar to the date of value.

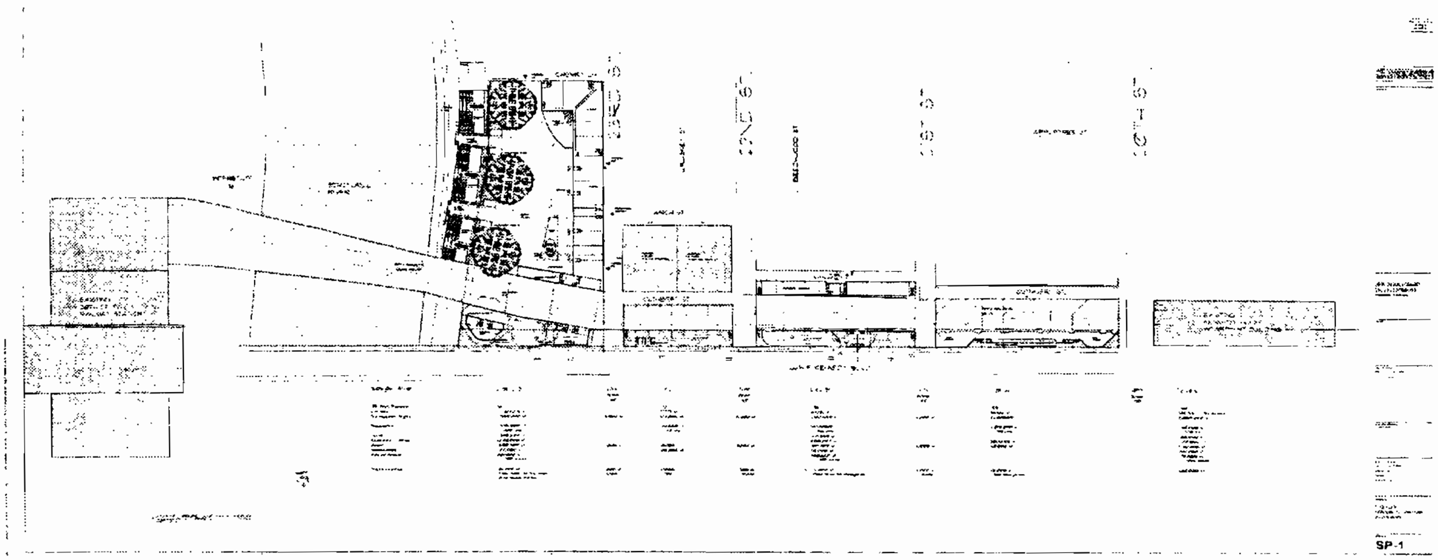
(2) A section of the subject property is currently operated as a short term parking lot by a professional operator. This analysis assumes that the operator is operating under a month-to-month operating lease with no leasehold estate.

Hypothetical Conditions

A hypothetical condition is defined by the *USPAP* (2005 Edition, The Appraisal Foundation) as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

This appraisal employs no hypothetical conditions.

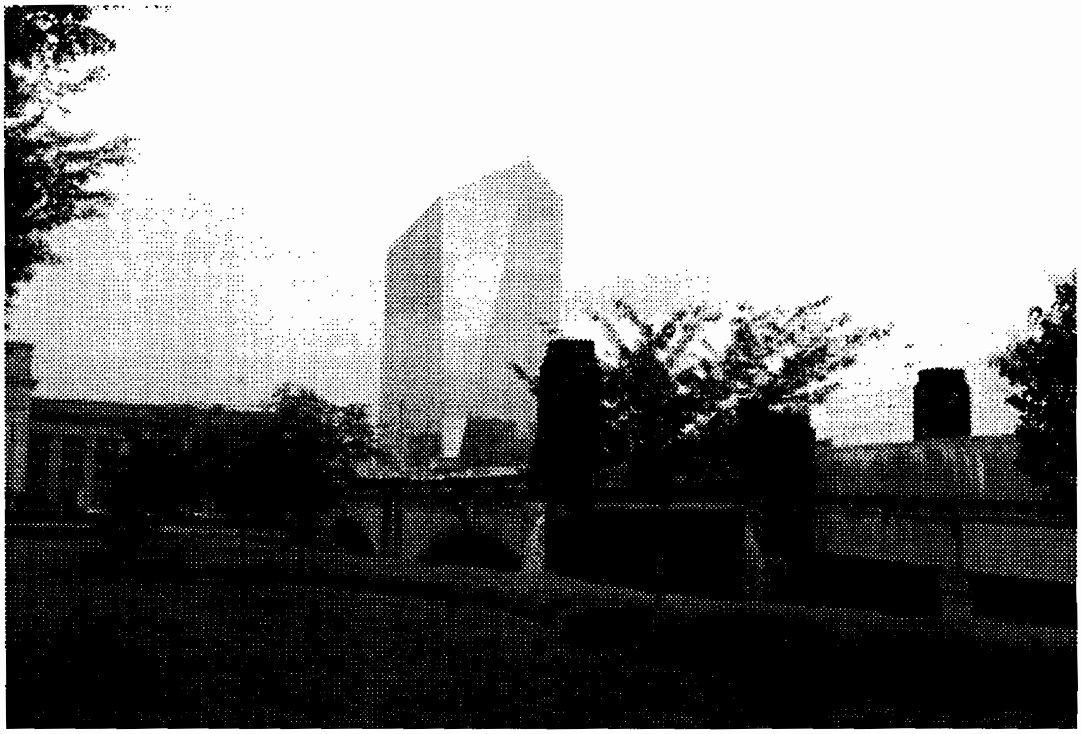
AERIAL PHOTOGRAPH OF SUBJECT PROPERTY- DIRECTLY ABOVE


SP-1

SUBJECT PHOTOGRAPHS

View West of Subject Property From J.F.K. Blvd. & North 20th Street

View of Typical Railroad Overpass Interconnecting Aggregate Site

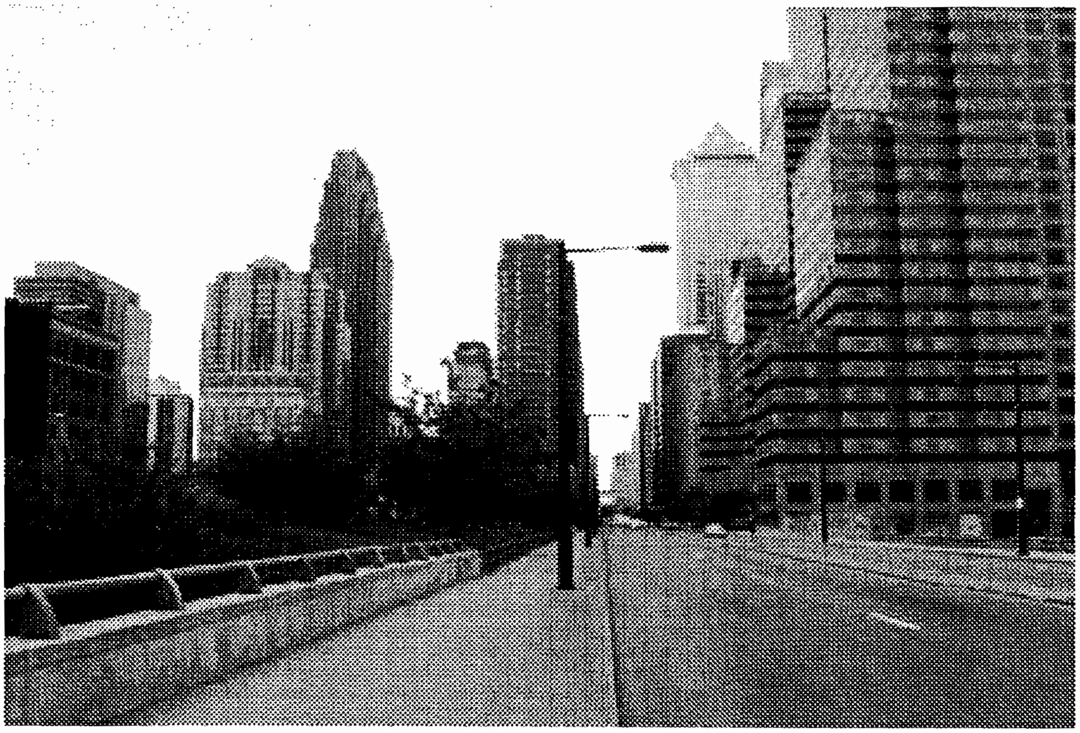


View West from J.F.K. Blvd. & North 23rd Street (Cira Centre at 30th Street Station in Rear)

View Northeast from J.F.K. Blvd. & North 23rd Street

View North Of Westerly Elevation, CSX Right-Of-Way & Schuylkill River Crossing

View Southwest From North 23rd & Cherry Streets (Northwesterly Elevation)



View East on John F. Kennedy Boulevard

View West on John F. Kennedy Boulevard

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Identification of Property

Property Name:	An 8.1671+/- Acre Development Site Comprised Of 4 Non-Contiguous Sections Under 5 Legally Defined Parcels - All Intersected By And Interconnecting Through An Active SEPTA Railroad Right-Of-Way
Location:	(1) 2001- 2045 John F. Kennedy Boulevard (2) 2101 - 2145 John F. Kennedy Boulevard (3) 2201 - 2245 John F. Kennedy Boulevard (4) 2301 - 2345 John F. Kennedy Boulevard & 60 North 23rd Street Center City Philadelphia, Pennsylvania 19103 Northerly side of John F. Kennedy Boulevard, between North 20th and 23rd Streets, extending through to Cuthbert, Walden and Cherry Streets (N) and an active grade level CSX freight railroad right-of-way (W). It is further situated within the northwest quadrant of Center City Philadelphia and the West of Broad office sub-market.
Property Description -As Is:	A 8.1671+/- acre (355,758+/- square feet) development site which is comprised of (4) sections contained within 5 legally defined rectangular parcels. The submitted information indicates that 46.32%+/- (3.7828 acres) of the aggregate site lies within an active SEPTA railroad right-of-way. The remaining 53.68%+/- (4.3843 acres) represents land available for development. The (4) individual sections are non-contiguous, but interconnecting through the SEPTA railroad right of way which crosses North 21st, 22nd and 23rd Streets via elevated overpasses. The (4) individual sections range in size from .6330 to 4.7997 acres, averaging 2.0418+/- acres per section. The overall site slopes downward proceeding north of John F. Kennedy Boulevard while ascending from North 20th Street (E) towards the Schuylkill River Bride Crossing (W). The northwesterly section is level and at grade. The right-of-way represents the primary connector for light rail service between the public transportation centers on the east and west banks of the Schuylkill River. The transportation centers include Suburban Station and Market Street East within Center City Philadelphia (E) and 30th Street Station within University City Philadelphia (W). The subject property under appraisal was historically owned and operated as an active railroad right-of-way by the Penn Central Railroad through the circa 1960s. The northwesterly section was likely utilized for industrial land uses due to its proximity to the Schuylkill River and an additional active

north/south rail spur.

It was subsequently acquired by third party interests during the circa 1960s through bankruptcy and liquidation proceedings. It was acquired subject to the SEPTA right-of-way.

The subject property under appraisal is attractively landscaped between John F. Kennedy Boulevard and the active SEPTA railroad right-of-way.

The active railroad right-of-way is improved with (4) tracks for east and westbound service with overhead power lines and a power station. The northerly elevation of the rail right-of-way is demised by a retaining wall.

The remaining area abutting the northerly right-of-way and extending north to Cherry Street is paved and lined for short term and monthly parking (700+/- vehicles). It is managed by a third party operator as both a self-park and valet facility.

Property Description -As Envisioned:

A mixed-use retail, entertainment, office, hotel and residential complex with on-site multi-level parking under a governmentally approved master plan.

The complex, identified as "River City", will be constructed in (4) interconnecting sections primarily contained within the air/development rights of a vertical plane.

This vertical plane will be situated above the SEPTA railroad right-of-way (27+ feet minimum) and extending over a CSX railroad right-of-way to the easterly bank of the Schuylkill River.

The complex will be comprised of (8) 41- to 62-story Class A commercial office and luxury multi-family buildings which will be interconnecting by an open public plaza within the vertical plane.

It will contain 3,735+/- residential units, 4,240,000+/- square feet of commercial retail, hotel and office space, 350,000+/- square feet of entertainment space and on-site parking for 5,000+/- vehicles.

The project further equates to 10,275,000+/- square feet of rentable/saleable area within a grand total of 12,000,000+/- square feet of building area.

Project amenities will include an attractively landscaped open public plaza extending along the entire vertical plane and extending along the Schuylkill River. It will also include an enclosed glass "winter garden".

The 4 sections proceeding east/west will include commercial (retail/office) and residential within Section No. 1, commercial (retail/hotel/office) within Section No. 2, entertainment within Section No. 3, and residential within Section No. 4.

Development activities are projected to occur over the next

decade as approvals are finalized and development financing is obtained.

Assessor's Parcel Number: (1) 885014500, (2) 885015000, (3) 885015200, (4) 885015500 & 882160401

An 8.1671+/- Acre Development Within The Northwest Quadrant Of Center City Philadelphia
Summary of Individual Sections

Section	Address		City ID#	Aggregate Lot Area Sq.Ft.	Aggregate Lot Area Acreage	Subject To Active SEPTA Right-Of-Way Sq Ft	Subject To Active SEPTA Right-Of-Way Acreage	Balance Lot Area Sq.Ft.	Balance Lot Area Acreage	Blockfront Boundaries	
1	2001 - 2045 J F K Blvd a/k/a Parcel A		885014500	54,826 59	1 2586	36,832.92	0 8456	17 993 67	0 4131	North East South West:	Cuthbert Street North 20th St J.F K. Boulevard North 21th St
2	2101 - 2145 J F K. Blvd. a/k/a Parcel B		885015000	64,282 68	1.4757	33,574 65	0 7708	30 708 03	0 7050	North East: South West:	Walden Street North 21th St. J F K Boulevard North 22nd St.
3	2201 - 2245 J F K Blvd a/k/a Parcel C		885015200	27,572 45	0.6330	16,543 95	0 3798	11 028 50	0 2532	North East: South West:	Cuthbert Street North 22nd St. J.F K. Boulevard North 23rd St
4	2201 - 2345 J F.K. Blvd.	4 1	885015500	77,827 00	1.7867	77 827.00	1 7867	0.00	0.0000	North.	Cherry Street
	60 N23d St.	4 2	882160401	131,249 00	3 0131	0.00	0 0000	131,249.00	3 0131	East:	North 23rd St.
	ak/a Parcel D/E		Sub-Total	209,076 00	4 7997	77 827 00	1 7867	131,249 00	3.0131	South	J F K Boulevard
										West	CSX Right-Of-Way
	Total			355,757 72	8.1671	164,778.52	3 7828	190,979.21	4 3843		
	As A %			100.0%		46.3%		53.7%			

Source: Consultants of J F K. Acquisition G P , L L C
Compiled by Cushman & Wakefield of PA. Inc

An 8.1671+/- Acre Development Site - "River City"
Summary of Projected Building Area As Envisioned

	Units/Spaces	Area (SF)	(1) Indicated Parking Ratio
Residential	3,735	6,035,000	
Commercial		4,240,000	
Rentable/Saleable Area Sub-Total		10,275,000	
Entertainment		350,000	
Amenities		200,000	
Sub-Total		550,000	
Mulit-Level Covered Parking	5,000	1,175,000	1.34
Grand Total		12,000,000	

(1) Ratio of spaces to no. of residential units

Source: Consultants of J.F.K. Acquisition G.P., L.L.C.
Compiled by Cushman & Wakefield of PA. Inc.

Property Ownership and Recent History

Current Ownership

R & F Penn Center Associates, L.P. since December, 1993.

Sales History

The subject property under appraisal has been under continuous ownership since December, 1993 by R & F Penn Center Associates, L.P. in care of R.F.R. Holding Corporation. The existing ownership acquired the investment entity through a conveyance initiated by the Federal Deposit Insurance Corporation in lieu of foreclosure proceedings. The conveyance was reported to total $9,600,000 according to the land records of the City of Philadelphia.

The subject property under appraisal is currently reported to be under a contract of sale, dated January, 2006, for a reported consideration of $50,000,000 with our client, J.F.K. Acquisition G.P., L.L.C. Closing is projected to occur on or about August 1, 2006.

Our estimated As Is Market Value ($77,000,000) is significantly higher (54%, $27,000,000) than the reported cost of acquisition ($50,000,000). This relationship is, however, considered to be reasonable since the pending conveyance is not occurring consistent with the recognized definition of Market Value (definition follows).

The pending conveyance is not considered to be consistent with the definition of Market Value since the subject property has not been exposed to the market. This transaction is occurring as a privately negotiated conveyance without the use of outside brokers and marketing.

Property Rights Appraised & Intended Use of Appraisal

The purpose of this appraisal is to estimate As Is Market Value of the Fee Simple Estate in the subject property, free and clear of financing, but subject to an easement for a railroad right of way with the regional transportation authority, as of August 1, 2006, the projected date of acquisition. The subject property was inspected on June 9, 2006.

The intended use of this report is as an aid for asset valuation/mortgage financing purposes.

Dates of Inspection and Valuation

This appraisal concerns itself with the As Is Market Value of the Fee Simple Estate in the subject property, free and clear of financing, but subject to an easement for a railroad right of way with the regional transportation authority, as of August 1, 2006, the projected date of acquisition. It was inspected by Daniel J. McNeil, MAI on June 9, 2006.

Gerald B. McNamara, MAI inspected the subject property and concurs with the analysis and conclusions. Both Daniel J. McNeil, MAI and Gerald B. McNamara, MAI are employed by Cushman & Wakefield of Pennsylvania, Inc.

Scope of the Appraisal

This is a complete appraisal presented in a self-contained report which is intended to comply with the reporting requirements set forth under the *Uniform Standards of Professional Appraisal Practice* (USPAP) for a Self-Contained Appraisal Report. In addition, the report was also prepared to conform to the requirements of the Code of Professional Ethics of the Appraisal Institute and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Title XI Regulations.

The scope of this appraisal required collecting primary and secondary data relative to the subject property. The depth of the analysis is intended to be appropriate in relation to the significance of the appraisal issues as presented herein. The data have been analyzed and confirmed with sources believed to be reliable, whenever possible, leading to the value conclusions set forth in this report. In the context of completing this report, we have made a physical inspection of the

subject property and the comparables. The valuation process involved utilizing market-derived and supported techniques and procedures considered appropriate to the assignment.

The scope of our analysis is summarized as follows.

- A detailed physical inspection of the subject property;
- A study of current regional economic trends, nearby neighborhood influences and local market characteristics;
- This appraisal employs the Sales Comparison Approach for the valuation of the land as though vacant and unencumbered. The Cost Approach and the Income Capitalization Approach are not considered to be appropriate for this analysis. Thus, these 2 approaches are not employed.
- A reconciliation of the results generated by the valuation methods employed are then reconciled into a final estimate of the As Is Market Value.

Definitions of Value, Interest Appraised and Other Terms

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Fourth Edition (2002), published by the Appraisal Institute, as well as other sources.

Market Value

> Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States of America follows, taken from Advisory Opinion-22 of *USPAP* of The Appraisal Foundation:
>
> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
> 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Fee Simple Estate

> Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement

An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right of way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements.

Air Rights

The right to undisturbed use and control of designated air space above a specific land area within stated elevations. Such rights may be acquired to construct a building above the land or building of another or to protect the light and air of an existing or proposed structure on an adjoining lot.

Cash Equivalence

A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts. Calculating the cash-equivalent price requires an appraiser to compare transactions involving atypical financing to transactions involving comparable properties financed at typical market terms.

Value As Is

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

Exposure Time

Under Paragraph 3 of the Definition of Market Value, the value opinion presumes that "A reasonable time is allowed for exposure in the open market". Exposure time is defined as the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is presumed to precede the effective date of the appraisal.

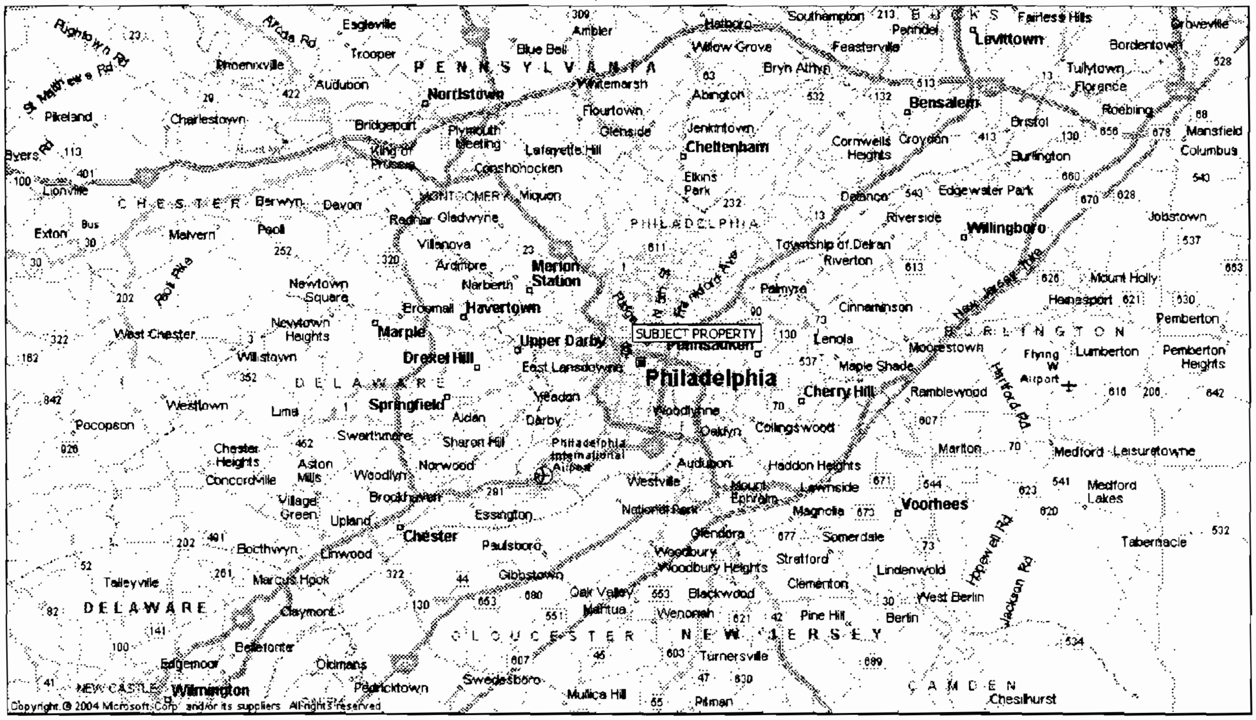
The reasonable exposure period is a function of price, time and use. It is not an isolated opinion of time alone. Exposure time is different for various types of real estate and under various market conditions. As noted above, exposure time is always presumed to precede the effective date of appraisal. It is the length of time the property would have been offered prior to a hypothetical market value sale on the effective date of appraisal. It is a retrospective opinion based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient and reasonable time but adequate, sufficient and a reasonable marketing effort. Exposure time and conclusion of value are therefore interrelated.

Based on discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been up to six (6) months. This assumes an active and professional marketing plan would have been employed by the current owner.

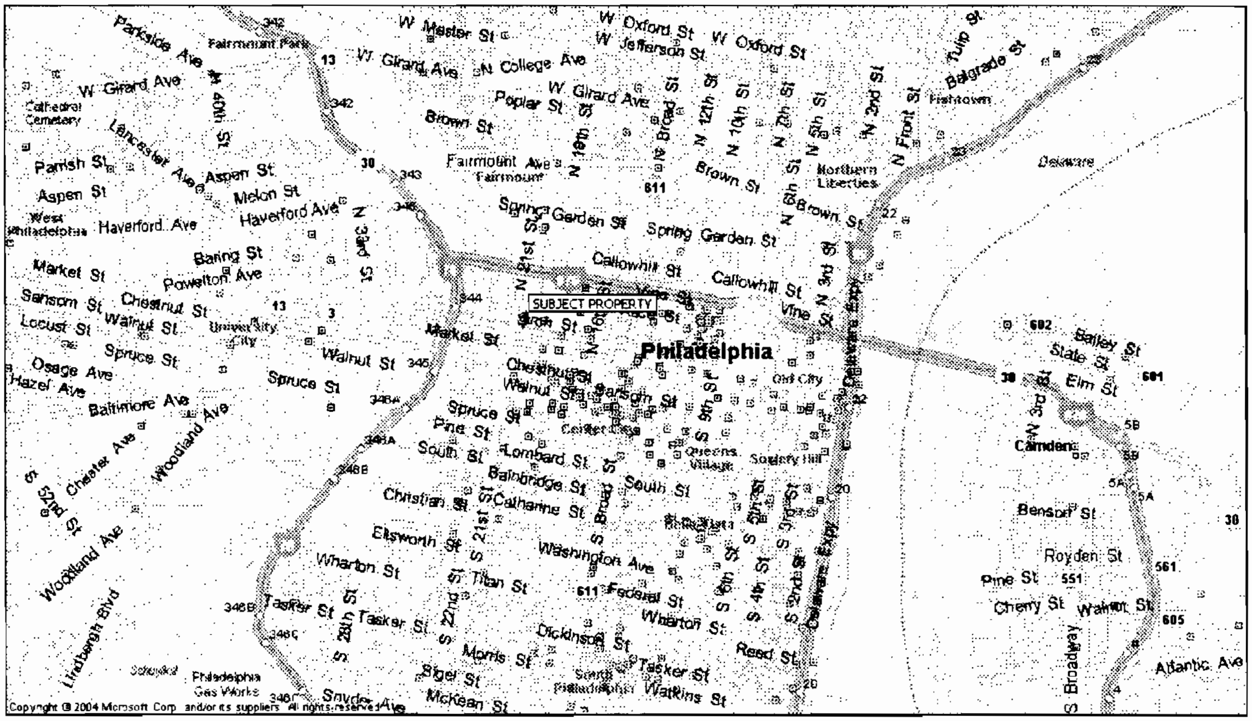
Legal Description

The subject property under appraisal is identified by the City of Philadelphia as Assessor's Parcel Number (1) 885014500, (2) 885015000, (3) 885015200, (4) 885015500 & 882160401. A copy of an available survey is included in the addenda.

MAP OF GREATER PHILADELPHIA, PENNSYLVANIA METROPOLITAN AREA



MAP OF CENTER CITY PHILADELPHIA



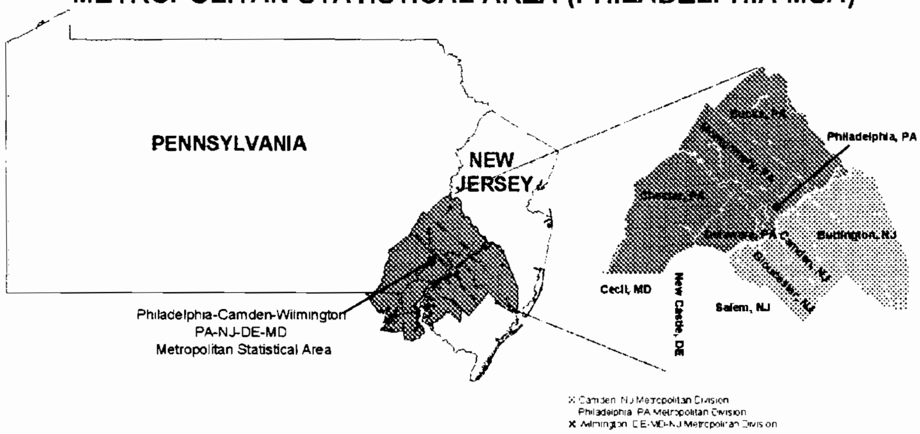
Market Definition

The Philadelphia-Camden-Wilmington Metropolitan Statistical Area (MSA) is comprised of 3 distinct regional components according to statistics compiled by the agencies of the U.S. Government. The 3 component regions include (1) the Philadelphia, Pennsylvania Metropolitan Division, (2) the Camden, New Jersey Metropolitan Division; and (3) the Wilmington, Delaware Metropolitan Division.

The Philadelphia Metropolitan Division includes the counties of Philadelphia, Montgomery, Bucks, Delaware, and Chester, all within the Commonwealth of Pennsylvania. The Camden Metropolitan Division includes Burlington, Camden, and Gloucester Counties, all within the State of New Jersey. Lastly, the Wilmington Metropolitan Division includes New Castle County, Delaware, Cecil County, Maryland and Salem County, New Jersey.

The 3 component regional M.S.A. encompasses 4,269 square miles in the northeastern United States. It is considered to be an established commercial, industrial and agricultural area which contains the nation's fifth largest city and is centrally located within the nation's northeast corridor – 100 miles south of New York and 133 miles north of Washington, D.C.

PHILADELPHIA-CAMDEN-WILMINGTON METROPOLITAN STATISTICAL AREA (PHILADELPHIA MSA)



Source: Cushman & Wakefield Analytics

Current Trends

Growth in the service sectors of the economy contributed to overall job gains in the Philadelphia MSA of 1.2% in 2005, up from 0.4% in 2004. Like many neighboring metro areas in the Northeast, Philadelphia's reliance on manufacturing continues to decline. Over the past decade manufacturing's share of total employment has declined from 12.2% in 1995 to only 8.8% recently in 2005.

Growth in the local economy has been driven by the service sectors, in particular in professional and business services and the health and education sectors. These two key drivers of the local economy grew by 2.7 and 2.0%, respectively in 2005.

Looking forward, the MSA seems to have been spared form the recent woes of pharmaceutical giant Merck, one of the cities largest employers, as the company stated that it would not be closing it's local vaccine plant as part of its worldwide restructuring plan to trim 7,000 jobs. Consolidation in the drug industry, however, remains a long term risk for the area's economy.

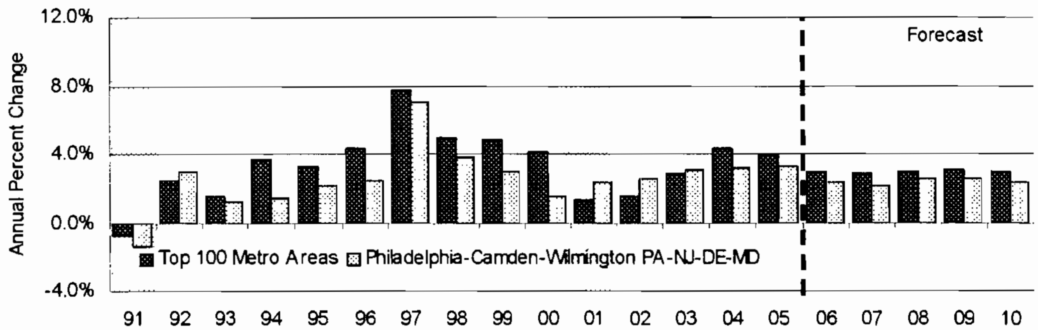
Economics

Philadelphia's Gross Metro Product (GMP) growth has lagged the nation's top 100 largest metro areas (Top 100), particularly the faster growing economies in the South.

- From 1995 to 2005, Philadelphia's GMP grew at an average annual rate of 3.2%, compared to the Top 100's annualized average of 4.0%.
- Through 2010, Philadelphia's forecasted annual GMP growth of 2.4% is expected to significantly trail the Top 100's projected 3.0%.

REAL GROSS PRODUCT GROWTH BY YEAR

Philadelphia-Camden-Wilmington MSA vs. Top 100 Metros*



Source: Economy.com, Cushman & Wakefield Analytics

* *The Top 100 Metro Areas (Top 100) are the 100 largest Metropolitan Statistical Areas (MSAs) in terms of total employment as of year-end 2005.*

NOTE: *In this Exhibit and all subsequent time-series graphs, the shaded bars indicate the periods of a U.S. economic recession.*

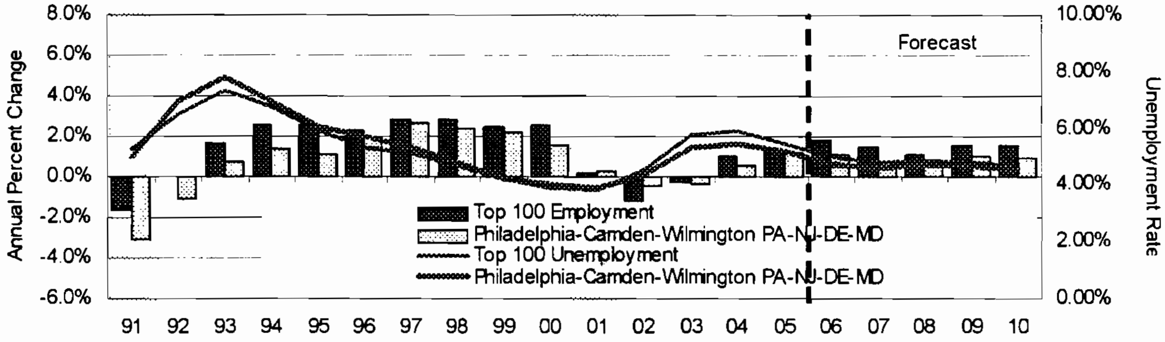
The Philadelphia MSA has generally underperformed the nation's top metro areas in overall employment growth. Employment in the MSA, however, held up relatively well during the last downturn in 2001, due partly to the stability of the health and education sectors.

- Total employment increased at a 1.2% annual rate from 1995 though 2005 compared to 1.4% for the Top 100.
- Employment is expected to average annual growth of only 0.8% through 2010, about half the rate of the Top 100 average.

Philadelphia's unemployment rate, at 4.8% in 2005, was slightly lower than the Top 100's average rate of 5.0%.

- Similarly, Philadelphia's average unemployment rate of 4.8% from 1995-2005 discounted the Top 100 by a marginal 0.1%.
- As the economy and employment continue to grow moderately, Philadelphia's unemployment rate is forecast to decline to 4.5% by 2010 compared to 4.6% for the Top 100.

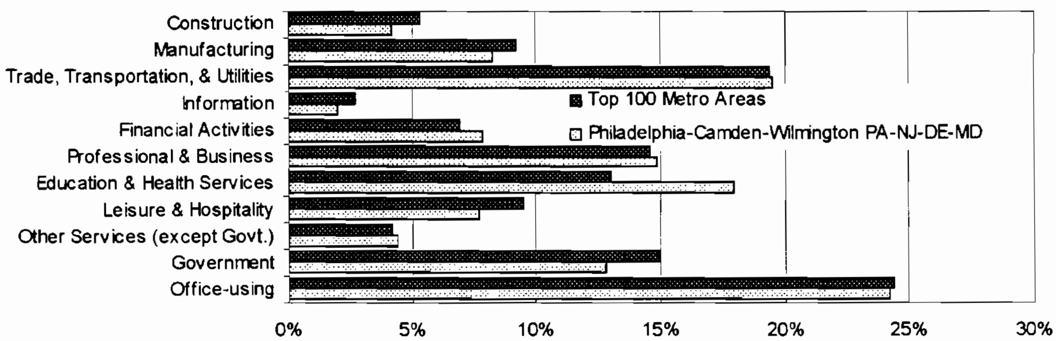
TOTAL EMPLOYMENT GROWTH AND UNEMPLOYMENT RATE BY YEAR
Philadelphia-Camden-Wilmington MSA vs. Top 100 Metros



Source: Economy.com, Cushman & Wakefield Analytics

- Compared to other metro areas, Philadelphia is more heavily weighted in financial and professional services and the education and health sectors. Together these sectors comprise 40.7% of employment compared to 34.6% for the Top 100.
- In contrast manufacturing, government and leisure and hospitality make up only 28.9% of overall employment relative to 33.6% for the Top 100.

EMPLOYMENT BY SECTOR
Philadelphia-Camden-Wilmington MSA vs. Top 100 Metros, 2005



Source: Economy.com, Cushman & Wakefield Analytics

Seventeen (17) Fortune 500 firms are headquartered in the area, including two in the top 100: AmerisourceBergen, MBNA, and Sunoco.

Demographics

With a median age of 37.5 years, Philadelphia's population is somewhat older than both the nation and the Top 100. Philadelphia is relatively well educated with 27.1% of its population having a Bachelor's degree or better compared to 28.0% for the Top 100 and 24.6% for the U.S. Correlating with the higher educational attainment level of its residents, the percent of households with an annual income of $75,000 or higher, 34.4% is higher than both the Top 100's 32.9%, and the U.S. average, 28.4%.

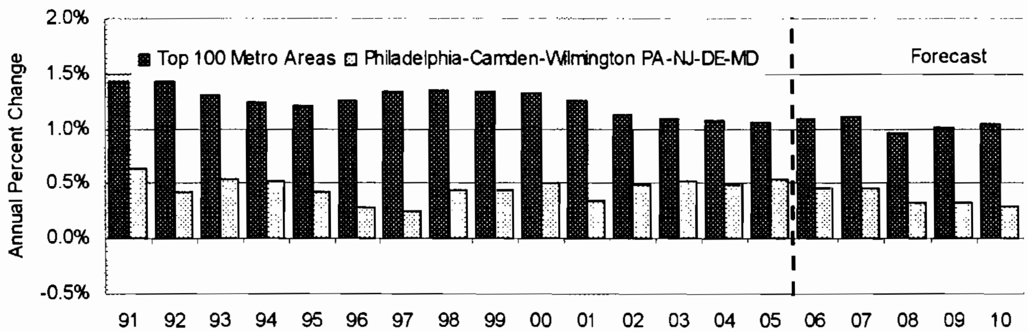
DEMOGRAPHIC CHARACTERISTICS
Philadelphia-Camden-Wilmington MSA vs. Top 100 Metro Areas and U.S.
2005 Estimates

Characteristic	Philadelphia MSA	Top 100 Metro Areas	U.S.
Median Age (years)	37.5	35.9	36.2
Average Annual Household Income	$72,000	$71,400	$64,800
Median Annual Household Income	$54,700	$52,900	$47,800
Households by Annual Income Level:			
<$25,000	21.9%	22.1%	24.9%
$25,000 to $49,999	24.4%	25.6%	27.4%
$50,000 to $74,999	19.3%	19.4%	19.3%
$75,000 to $99,999	13.1%	12.5%	11.5%
$100,000 plus	21.3%	20.4%	16.9%
Education Breakdown:			
< High School	17.8%	18.5%	19.5%
High School Graduate	31.8%	26.0%	28.4%
College < Bachelor Degree	23.2%	27.6%	27.5%
Bachelor Degree	16.9%	17.8%	15.7%
Advanced Degree	10.2%	10.2%	8.9%

Source: Claritas, Inc., Cushman & Wakefield Analytics

- The Philadelphia MSA, with a population of more than 5.8 million in 2005, is currently growing at a slower rate than the Top 100 and the national average.
- Philadelphia's population grew at an average annual rate of just 0.4% from 1995 through 2005, significantly lower than the 1.2% for the Top 100.
- Philadelphia's growth through 2010 is also expected to average 0.4% annually, about half the pace of the Top 100.

POPULATION GROWTH BY YEAR
Philadelphia MSA vs. Top 100 Metros



Source: Economy.com, Cushman & Wakefield Analytics

Philadelphia is the largest county within the MSA, but its population has been declining over the past decade while the outer suburbs have grown at moderate rates. This trend is expected to

continue through 2010 as the inner city's population continues to decline while the outer suburbs experience stronger population growth.

ANNUALIZED POPULATION GROWTH BY COUNTY
Philadelphia MSA

Population (000's)	1995	2005	2010 Forecast	Annual Growth 95-05	Annual Growth 05-10
United States	263,520	293,990	307,490	1.1%	0.9%
Top 100 MSAs	168,089	190,304	200,519	1.2%	1.1%
Philadelphia MSA	5,586	5,831	5,944	0.4%	0.4%
Philadelphia County	1,556	1,462	1,412	-0.6%	-0.7%
Montgomery County	717	781	807	0.9%	0.7%
Bucks County	574	623	644	0.8%	0.7%
Delaware County	553	556	557	0.0%	0.1%
Other Counties	2,186	2,410	2,523	1.0%	0.9%

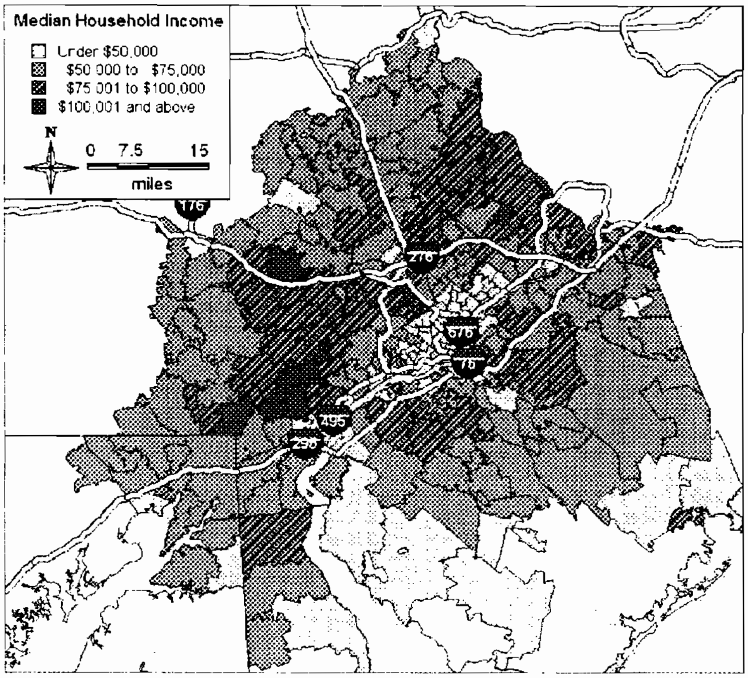
Source: Economy.com, Cushman & Wakefield Analytics

- In 2005, Philadelphia's median household income was $54,700, which was 3.4% and 14.4% higher than the Top 100 and the national median respectively.
- Between 1995 and 2005, Philadelphia's 3.2% average annual growth in median household income was somewhat higher than the Top 100's average of 3.0%.
- Reversing this trend, Philadelphia's median household income growth rate is expected to slow to 3.0% annually through 2010, while the Top 100's projected annual growth rate is expected to increase to 3.2%.

Philadelphia's most affluent areas are located primarily within the region's western and northern suburbs. Heading west out of the city, households with incomes of $75,000 or more are concentrated along the Main Line neighborhoods in Montgomery County and Chester Counties. North of the city, the wealthiest households are located in Bucks County.

MEDIAN HOUSEHOLD INCOME DISTRIBUTION BY ZIP CODE

Philadelphia MSA, 2005 Estimates



Source: Claritas, Inc., Cushman & Wakefield Analytics

Market Competitiveness

While Philadelphia's economy has not kept pace with the faster growing areas in the Top 100, its growth has generally been steady and less volatile due to its broad industry mix with a high concentration in non cyclical sectors like education and health. The following factors are also considered.

- Philadelphia's costs of doing business and costs of living are relatively low compared to other metro areas in the Northeast.
- The presence of some of the nation's eminent university and research facilities contribute to the stability of the economy.
- In the long term however, the inability to attract migration inflows into the City and retain young workers constrains overall growth.

Market Outlook

The Philadelphia-Camden-Wilmington Metropolitan Statistical (Philadelphia MSA) grew at a moderate pace in 2005, a trend that is expected to continue in 2006.

- Employment gains were driven by the services industries. Professional and business services and the education and health sectors will continue to be the main engines of growth.
- Construction employment is expected to taper off from the strong pace of the past three years as the residential housing sector cools

- Philadelphia's longer term outlook through 2010 continues to be impacted by weak demographic trends as population growth remains below the national average.

SELECTED DEMOGRAPHICS OF GREATER PHILADELPHIA, PA. METROPOLITAN AREA

				City of Phila (1)	City/Region (%)	Phila 3 Division Region	U.S.A.
Population							
2010 Projection				1,414,086	23.7%	5,958,954	309,574,407
2005 Estimate				1,464,886	25.2%	5,816,271	295,140,073
2000 Estimate				1,517,550	26.7%	5,687,147	281,421,906
1990 census				1,585,577	29.2%	5,435,470	248,709,873
1980 census				1,688,211	N.A.	N.A.	226,545,856
Avg. Annual Change	2005	-	2010	-0.7%		0.5%	1.0%
Avg. Annual Change	1980	-	2005	-0.6%		N.A.	1.1%
Avg. Annual Change	1990	-	2005	-0.5%		0.5%	1.1%
Avg. Annual Change	1980	-	1990	-0.6%		N.A.	0.9%
Households							
2010 Projection				553,960		2,260,984	116,613,104
2005 Estimate				572,789		2,198,346	111,006,738
2000 Estimate				590,071		2,134,404	105,480,101
1990 census				603,075		1,990,046	91,947,410
1980 census				619,781			80,389,688
Avg. Annual Change	2005	-	2010	-0.7%		0.6%	1.0%
Avg. Annual Change	1980	-	2005	-0.3%		N.A.	1.3%
Avg. Annual Change	1990	-	2005	-0.3%		0.7%	1.3%
Avg. Annual Change	1980	-	1990	-0.3%		N.A.	1.4%
Household Size							
2010 Projection				2.6		2.6	2.7
2005 Estimate				2.6		2.6	2.7
2000 Estimate				2.6		2.7	2.7
1990 census				2.6		2.7	2.7
1980 census				2.7		N.A.	2.8
Percentage of College Graduates				10.4%		17.4%	15.7%
Median Home Values-2005 Est.				$86,310		$179,127	$149,314
Income - 2005 Estimate							
Average Household Income				$47,011		$72,721	$64,816
Median Household Income				34,460		55,191	47,837
Per Capita Income				18,791		27,894	24,704

(1) A/K/A/ Philadelphia County
Source: Claritas, Inc.
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Greater Philadelphia, Pa. Metropolitan Area - Pa. Counties
Historical Unemployment - Average Annual

C.Y.	U.S.A.	State of Pa.	Phila. Region	Bucks County	Chester County	Delaware County	Montgomery County	Phila. Cty./ City of Phila.
1990	5.5%	5.4%	4.9%	4.3%	3.2%	3.9%	3.8%	6.3%
1991	6.8%	7.0%	6.8%	6.7%	4.5%	5.6%	5.2%	8.5%
1992	7.5%	7.6%	7.6%	7.1%	5.2%	5.7%	6.0%	8.9%
1993	6.9%	7.1%	7.1%	6.5%	4.8%	5.4%	5.6%	9.5%
1994	6.1%	6.2%	6.1%	5.2%	4.0%	5.4%	4.9%	8.0%
1995	5.6%	5.9%	5.9%	5.1%	3.9%	5.5%	4.4%	7.6%
1996	5.6%	5.3%	5.3%	4.4%	3.3%	4.8%	3.8%	6.9%
1997	4.9%	5.2%	4.9%	4.2%	3.2%	4.6%	3.7%	6.8%
1998	4.6%	4.7%	4.5%	3.6%	2.9%	3.9%	3.3%	6.1%
1999	4.2%	4.4%	4.1%	3.4%	2.6%	3.7%	3.0%	6.0%
2000	4.0%	4.2%	4.0%	3.3%	2.7%	3.6%	2.9%	6.1%
2001	4.8%	4.7%	4.3%	3.8%	3.0%	3.9%	3.5%	6.4%
2002	5.8%	5.5%	5.4%	4.8%	3.7%	4.8%	4.5%	7.5%
2003	6.0%	5.6%	5.5%	4.6%	3.8%	5.1%	4.4%	7.6%
2004	5.5%	5.4%	5.5%	4.5%	3.3%	4.9%	3.9%	7.4%
2005	5.1%	5.0%	5.0%	4.2%	3.7%	4.6%	3.9%	6.8%

Average for C.Y.
Source: Pennsylvania Departent of Labor Statistics
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Regional Overview – Greater Philadelphia, Pennsylvania Metropolitan Area

The Philadelphia Metropolitan Division encompasses the southeastern section of the Commonwealth of Pennsylvania. The regional component includes the following 5 counties: Bucks, Chester, Delaware, Montgomery and Philadelphia Counties.

The City of Philadelphia, located 90 miles south of New York City and 100 miles north of Washington, D.C., is considered to be the focal point of the metropolitan division and the center for education, banking, finance, government and cultural activities.

The central business district of the City is identified as Center City which is concentrated around City Hall at the intersection of Broad and Market Streets. Center City Philadelphia is effectively comprised of 4 quadrants formed by the intersection of Broad and Market Streets.

The subject property is situated within the northwest quadrant of Center City Philadelphia and a West of Broad Street office market area. It is situated 5 blocks west of both City Hall and Suburban Station (public transportation) as well as a short distance south, east and west of the interstate highway system. It is conveniently accessible to residential, commercial, educational, governmental, cultural/social activities, regional transportation centers and the interstate highway.

The following profile of the Philadelphia MSA is provided by Economy.com, a leading provider of economic, financial, and industry information.

PHILADELPHIA

EMPLOYMENT GROWTH RANK Best=1 Worst=387

2004-06
320
5th quintile

2004-09
303
4th quintile

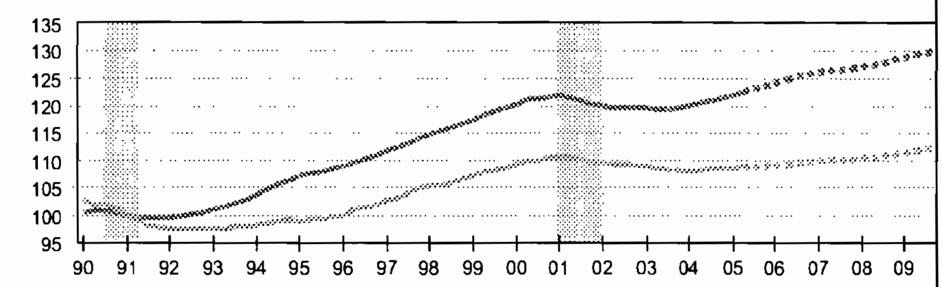
LIFE CYCLE PHASE
Mature

VITALITY Best=1 Worst=387
167
3rd quintile

COST OF DOING BUSINESS
U.S.=100% **110%**

COST OF LIVING
U.S.=100% **96%**

Relative Employment Performance (1991=100)



DataBuffet® MSA code: *DMPHI*

1998	1999	2000	2001	2002	2003	2004	Indicators	2005	2006	2007	2008	2009
133.3	136.6	138.5	141.5	144.4	148.2	152.5	**Gross Metro Product, C$B**	157.5	160.1	163.0	166.6	170.2
4.3	*2.5*	*1.4*	*2.1*	*2.1*	*2.6*	*2.9*	*% Change*	*3.2*	*1.7*	*1.8*	*2.2*	*2.1*
1,826.0	1,861.8	1,894.2	1,900.3	1,885.4	1,869.9	1,868.2	**Total Employment (000)**	1,877.7	1,888.5	1,899.9	1,911.5	1,929.4
2.0	*2.0*	*1.7*	*0.3*	*-0.8*	*-0.8*	*-0.1*	*% Change*	*0.5*	*0.6*	*0.6*	*0.6*	*0.9*
4.4	4.2	4.1	4.6	5.6	5.7	5.5	**Unemployment Rate**	5.0	4.9	5.1	5.1	4.9
7.4	3.8	7.7	2.2	3.1	3.1	4.8	**Personal Income Growth**	5.5	4.9	4.0	3.7	3.9
3,824.4	3,837.6	3,852.2	3,856.9	3,864.0	3,873.3	3,882.6	**Population (000)**	3,895.1	3,905.8	3,916.2	3,921.4	3,926.1
9,883	9,696	9,041	8,179	8,685	7,994	8,348	**Single-Family Permits**	8,919	8,458	6,974	6,381	6,248
1,883	1,666	2,311	2,105	1,595	3,698	4,335	**Multifamily Permits**	3,563	2,554	1,998	2,161	2,164
123.1	117.4	116.1	128.1	142.0	164.1	177.4	**Existing Home Price ($Ths)**	206.9	225.7	231.4	233.0	234.3
15,404	14,040	11,651	21,294	75,195	49,189	28,555	**Mortgage Originations ($Mil)**	32,257	33,563	29,893	27,614	27,242
2.2	0.5	2.7	-6.8	-4.7	-3.8	-4.8	**Net Migration (000)**	-1.1	-2.8	-3.1	-8.5	-9.1
16,535	16,197	15,888	17,848	18,287	18,691	17,104	**Personal Bankruptcies**	16,928	14,190	16,063	17,925	18,760

STRENGTHS & WEAKNESSES

STRENGTHS

- Concentration of well-regarded institutions of higher education.
- Center for health services and medical research.
- Relatively affordable housing and living costs.
- Well developed port.

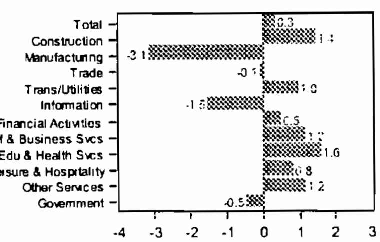
WEAKNESSES

- Weak population growth.
- Lower per capita income than other large Northeast metro areas.

CURRENT EMPLOYMENT TRENDS

December 2005 Employment Growth

% change year ago, 3 mo. MA



FORECAST RISKS

SHORT TERM ↑ LONG TERM ↓ RISK-ADJUSTED RETURN, '04-09 **-0.32%**

UPSIDE

- New office space, tax incentives attract more employers into PHI.
- Increased port activity sparks payroll gains in supporting industries.

DOWNSIDE

- Further consolidation in the drug industry hits PHI's top employers.
- Rising energy prices deplete manufacturing.
- Red tape delays issuance of slot licenses.

ANALYSIS

Recent Performance. The pace of economic expansion in the Philadelphia metro division remains modest, at best. Payroll employment in PHI trended flat in the second half of this year after recording steady gains through 2004. However, the pace of hiring in PHI continues to lag the nation and payrolls remain well below their pre-recession peak. As expected, manufacturing has weighed heavily on job growth in PHI as the industry has cut payrolls at three times the national rate. After peaking in 2003, the jobless rate has continued to improve over the subsequent two years.

Labor market. A collective sigh of relief could be heard through PHI as it was announced that Merck & Company will not be closing its vaccine manufacturing plant in West Point, Montgomery County. As part of a cost-cutting move, the company plans to cut 7,000 positions worldwide by 2008. Merck & Company is one of PHI's top employers, with approximately 10,000 employees. The PHI economy was dealt a minor blow when Pilgrim's Pride, a Texas-based poultry producer, announced that it was lowering its earnings outlook for 2006. As a result, the company is restructuring its operations in Pennsylvania. The company will cut 300 jobs at its Franconia plant, located in Montgomery County.

Customs district. Activity through the Philadelphia Customs District, which includes the Port of Philadelphia, continues to accelerate. The Port of Philadelphia's cargo statistics showed that 2004's total tonnage surpassed 2003 figures by over 16%. This year is shaping up to be another healthy one for the port. With the value of imports steadily increasing since June, authorities raised concern about the port's capacity. Increased port activity was the motivation for a new warehouse project that was begun in November. The new warehouse will be mainly utilized for imported forest products. This highly labor-intensive imported good, coupled with construction activity along the Delaware River, will provide a much-needed shot in the arm to payroll employment in PHI. Port activity will only intensify as there are plans to deepen the Delaware River in the pipeline.

Gambling. Trump Entertainment Resorts Inc., the sixth largest gambling company in the country, recently leased a property in the City of Philadelphia with hopes of building a slot parlor. To limit entry, the Pennsylvania Gaming Control Board will only issue two gaming licenses in the city. This has gaming companies jostling for position in the bidding for a license in the much-touted PHI market. Slot casinos located in the city have the potential to attract prospective gamblers from neighboring states. According to local reports, the two casino properties will create roughly 4,000 positions while generating $765 million in gross revenue.

Furthermore, slot-backed casinos will diversify the composition of the PHI tourism industry. This bodes well for PHI as a boost in tourist activity will have a strong multiplier effect on the local economy. However, the casinos will face considerable competition from New Jersey and Delaware. Moreover, the long-term success of the casinos will hinge on their ability to bring in outside dollars to boost local economic activity. If a large share of casino revenue comes from PHI residents then there will be little boost to economic growth.

Job creation in Philadelphia will continue to expand at a below average pace. Service-producing industries will feed payroll growth while the manufacturing sector will continue to shrink preventing PHI from reaching a new employment peak until 2008. PHI's above average living and business costs combined with weak immigration trends will impede economic growth. That said, PHI is expected to be an underperformer over the extended forecast horizon.

Ryan Sweet
January 2006

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

University of Pennsylvania	22,605
Jefferson Health System	14,317
Merck & Company	10,000
The Vanguard Group of Investment Cos., Inc.	8,000
SEPTA	7,370
Crozer-Keystone Health System	7,026
Tenet Healthcare Corporation	7,002
Prudential Financial	6,568
Lockheed Martin Corporation	6,500
Acme Markets	6,440
Genesis Health Ventures, Inc.	6,393
Children's Hospital of Philadelphia	6,200
Exelon Corporation	5,695
US Airways, Inc.	5,500
Wachovia Corporation	5,443
Independence Blue Cross	5,040
Allied Security	5,000
Rosenbluth International	5,000
Abington Memorial Hospital	4,586
Thomas Jefferson University	4,483

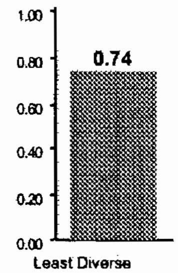
Source: Philadelphia Business Journal Book of Lists, 2005

Public

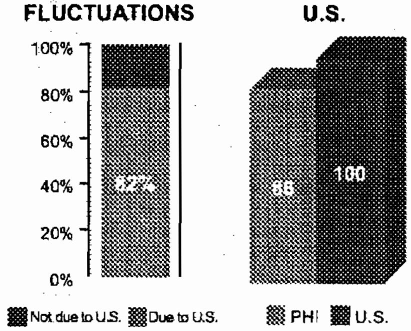
Federal	45,219
State	22,662
Local	151,759

2004

INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY

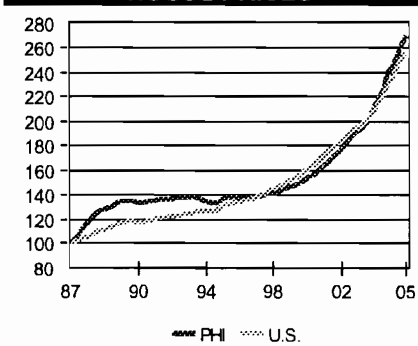


COMPARATIVE EMPLOYMENT AND INCOME

	% of Total Employment			Average Annual Earnings		
Sector	**PHI**	**PA**	**US**	**PHI**	**PA**	**US**
Construction	3.8%	4.4%	5.3%	$59,552	$44,574	$43,405
Manufacturing	8.8%	12.3%	10.9%	$80,005	$61,729	$63,608
Durable	*49.9%*	*59.6%*	*62.3%*	*nd*	*$60,248*	*$66,482*
Nondurable	*50.1%*	*40.4%*	*37.7%*	*nd*	*$63,882*	*$58,981*
Transportation/Utilities	3.2%	4.0%	3.7%	$54,845	$54,587	$52,867
Wholesale Trade	4.5%	4.1%	4.3%	$71,104	$58,957	$59,820
Retail Trade	10.7%	11.8%	11.4%	$29,733	$24,627	$25,982
Information	2.2%	2.0%	2.4%	$89,009	$64,270	$74,870
Financial Activities	7.8%	6.0%	6.1%	$65,507	$49,233	$50,152
Prof. and Bus. Services	14.7%	11.2%	12.5%	$59,910	$48,501	$46,927
Educ. and Health Services	20.0%	17.7%	12.9%	$43,207	$39,241	$37,997
Leisure and Hosp. Services	7.6%	8.4%	9.5%	$20,985	$16,640	$18,752
Other Services	4.5%	4.7%	4.1%	$26,018	$23,292	$22,636
Government	11.8%	13.2%	16.4%	$55,818	$48,394	$50,297

Source: Percent of total employment - Moody's Economy.com & BLS, 2004; Average annual earnings - BEA, 2003

HOUSE PRICES



Source: OFHEO, 1987Q1=100, NSA

CREDIT QUALITY

FITCH	MOODY'S
BBB+	CITY **Baa1**

LEADING INDUSTRIES

NAICS	Industry	Employees (000)
GVSL	State & Local Government	174.4
6221	General Medical and Surgical Hospitals	79.4
6113	Colleges, Universities & Professional Schools	66.3
7221	Full-Service Restaurants	48.6
GVF	Federal Government	45.2
4451	Grocery Stores	40.2
7222	Limited-Service Eating Places	34.3
5241	Insurance Carriers	30.7
6211	Offices of Physicians	30.0
5617	Services to Buildings and Dwellings	29.1
5613	Employment Services	27.6
5411	Legal Services	27.1
5511	Management of Companies and Enterprises	26.1
6231	Nursing Care Facilities	25.2
5415	Computer Systems Design and Related Srvcs.	24.6
	High-tech employment	113.0
	As % of total employment	6.0

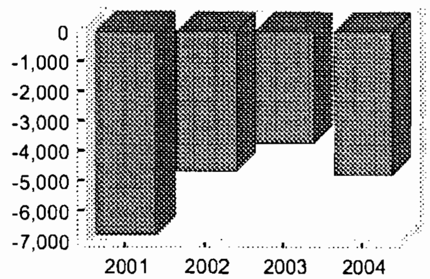
Sources: BLS, Moody's Economy.com, 2004

MIGRATION FLOWS

Into Philadelphia	Number of Migrants	Median Income
New York NY	6,840	27,125
Camden NJ	5,315	31,138
Wilmington DE	4,084	44,744
Edison NJ	2,518	43,964
Reading PA	2,210	27,998
Allentown PA	2,167	28,170
Trenton NJ	1,988	34,370
Newark NJ	1,682	38,880
Washington VA	1,613	37,263
Lancaster PA	1,555	25,472
Total Inmigration	74,604	29,953

From Philadelphia		
Camden NJ	9,020	40,527
Wilmington DE	5,264	34,595
Reading PA	4,751	34,696
New York NY	3,615	27,714
Allentown PA	3,047	34,044
Lancaster PA	2,512	27,849
Washington VA	2,022	33,652
Edison NJ	1,508	37,040
Baltimore MD	1,456	32,721
Trenton NJ	1,202	32,728
Total Outmigration	84,040	31,716
Net Migration	**-9,436**	**-1,763**

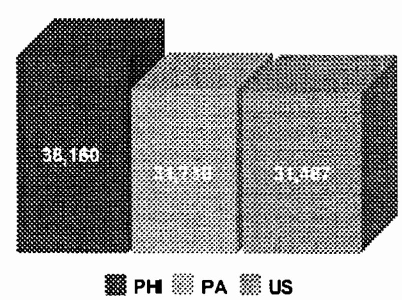
Net Migration, PHI



	2001	2002	2003	2004
Domestic	-18,229	-15,821	-14,608	-15,618
Foreign	11,439	11,148	10,829	10,824
Total	-6,790	-4,673	-3,779	-4,794

Source: IRS (top), 2004; Census Bureau & Moody's Economy.com, 2004

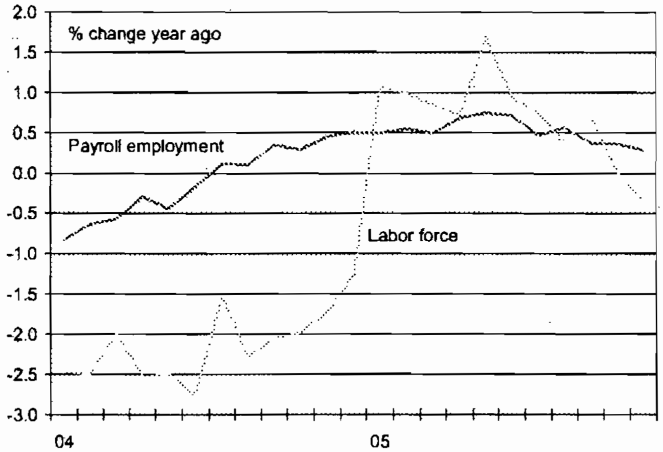
PER CAPITA INCOME



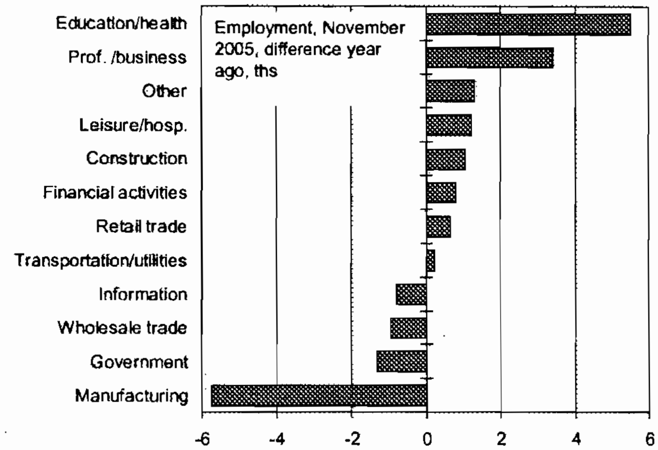
Source: Bureau of Economic Analysis, 2003

Philadelphia

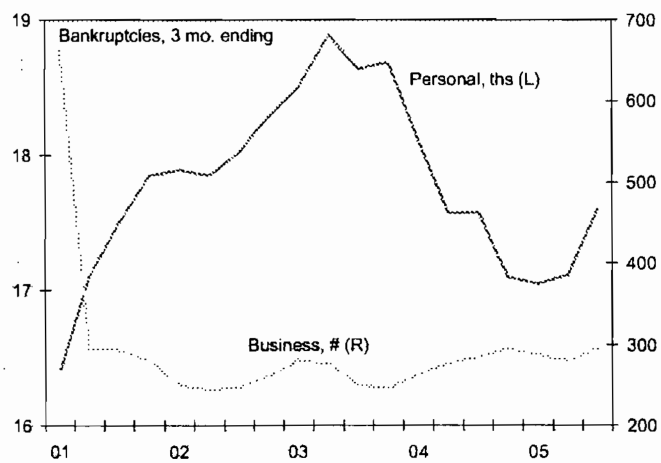
Modest Job Growth Entices Workers to Enter Labor Force



Manufacturing Is the Sour Apple in Philadelphia

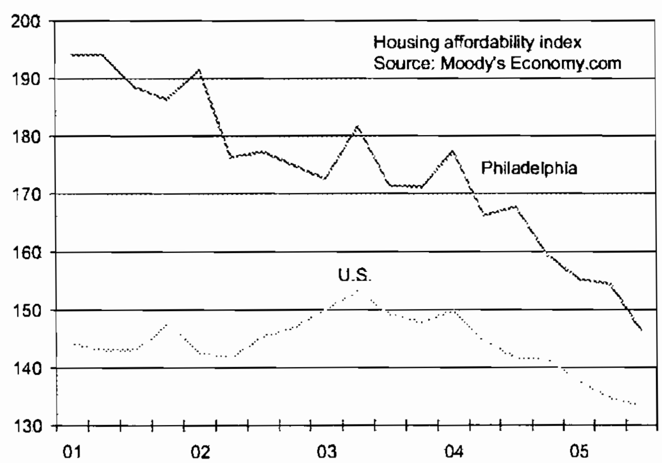


New Bankruptcy Laws Lead to Jump in Personal Filings

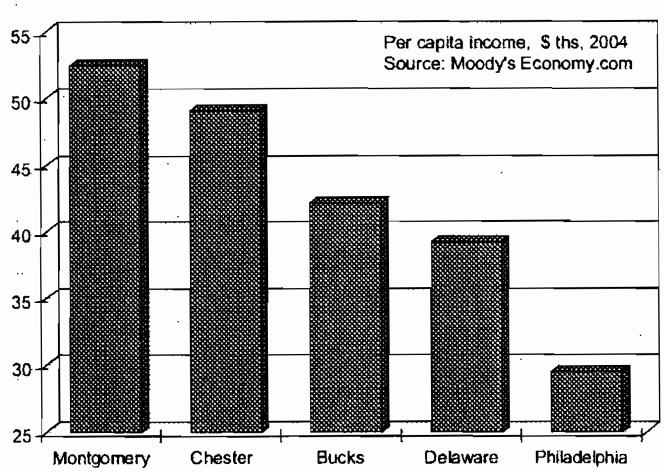


PHI payroll additions are varied across industries. Service-based industries, particularly education/health services, continue to support job gains across the metro area. Goods-producing industries are a drag on job growth and have dropped 16% since the beginning of the decade. Going forward, we anticipate a similar pattern of growth as education/health services and professional/ business services fuel job growth. An expansion of gaming industries into the PHI market will boost employment in leisure/ hospitality and retail trade over the extended forecast horizon.

Although on the Decline, Affordability Remains Above Average



Income Distribution Favors Suburban Counties



The PHI housing market has been buoyed by rising demand and strong price growth in New York and Washington, which has made PHI a bargain. Strong demand-side fundamentals, such as steady income growth and above average affordability, are pushing the market back into equilibrium, steadily reducing the months of excess housing supply over the past two years. On the downside, rising house prices are weighing on housing affordability, which has declined since the beginning of the decade. Going forward, rising interest rates will further weigh on affordability.

Critical Observations

The following bullet points summarize some of our general observations relating to the Philadelphia Metropolitan Division.

Social Influences

- The Philadelphia M.S.A., as discussed, is comprised of 3 distinct sections which contain a current population of 5.816+/- million people. The population is primarily concentrated (25.2%, 1.46+/- million people) within the City of Philadelphia (a/k/a Philadelphia County) according to published demographic data.
- Demographic data (historical and projected) illustrates a long term trend in which the existing populations of the older neighborhoods outside Center City Philadelphia and the eastern and southern sections of Delaware County and new area residents are primarily relocating/locating to the outlying suburban counties.
- The net loss in population within the City of Philadelphia is, however, being reduced by a rising middle to upper middle income population within Center City and University City Philadelphia. The conversion of obsolete office and industrial buildings intro modern luxury multi-family residential housing development has been actively occurring throughout Center City over the past decade. In addition, sustained growth and development by the University of Pennsylvania, Drexel University, Children's Hospital and the University City Science Center are having a very positive affect within University City.
- This long term shift is similarly occurring throughout many of the established urban areas in the northeast United States, however, the loss within the City of Philadelphia has been the largest in the nation according to published reports by the U.S. Department of Census. Overall, the average rate of growth in population over the past 25 years (-0.6% per year) has been below the national average (1.1%+/- per year).
- This trend has evolved due to an improved interstate and state highway system and the availability of land for the development of modern affordable housing and modern commercial office and light industrial facilities. Lower cost of living and quality of life issues are also factors in this movement to the suburban counties.
- Currently, the fastest growing counties within the Philadelphia Metropolitan Division have been and are projected to continue to be Bucks and Chester Counties. Conversely, Philadelphia and Delaware Counties are still projected to experience declining populations over the next 5 years with the rate of decline projected to be generally consistent with the past 2 decades.

Economic Influences

- The local economy of the Philadelphia Metropolitan Division has experienced a long term transition over the past 30+/- years from a "blue collar" manufacturing oriented economy into a "white collar" services oriented economy. This trend has also been similarly occurring in many of the older urban industrial cities of the northeast United States.
- Published statistics indicated a sustained expansion (1.8%+/- average per year) in the employment base between January, 1993 (2.05+/- million jobs) and December, 2001 (2.41+/- million jobs). Sustained regional economic growth has been occurring over the past 2+/- years, however, a corresponding growth in employment was only marginally occurring through the C.Y.E. 2005 due to on-going downsizing/restructuring and a reluctance to expand employment. This was consistent with the national trend, however, published reports indicate

that growth in employment is gaining momentum concomitant with the sustained level of economic growth.

- The Services Sector now accounts for a record 75%+/- of the employment base of the region as the blue collar manufacturing sector has lost in excess of 105,000+/- jobs over the past decade.
- Major regional employers include the University of Pennsylvania (23,609+/- jobs), the Jefferson Health System (22,203+/- jobs), Merck & Co. (10,000+/- jobs) and the Vanguard Group (8,000+/- jobs).
- Published reports indicate that the older "smokestack" industries are being replaced by high technology growth industries in organic chemicals, pharmaceutical products, precession instruments and computer software/internet. The region, according to published reports, is home to over 25% of the nation's pharmaceutical firms.
- Published reports indicate that approximately 50% of the Fortune 500 companies have some form of operation within the region of which approximately 17 companies have their corporate headquarters. Future job growth is projected to occur primarily within the life science, pharmaceutical, high technology, and educational sectors.
- Our compilation illustrates that the unemployment rate for the Philadelphia Metropolitan Division has begun to trend downward over the past 2+ years concomitant with sustained employment and economic growth. The lowest rates of unemployment are primarily evident within the suburban counties of the region. Conversely, the unemployment rate for the City of Philadelphia has historically been higher than the averages for the region, state and nation.

Government Influences

- A review of the employment base history for the City of Philadelphia and the overall region reveals that jobs losses have been most severe within the City of Philadelphia while increased employment has been evident within the suburban counties. A major factor influencing this trend is the disparity in the costs of doing business between the city and the suburbs. This disparity is attributed to the significantly higher labor and social costs in operating city government.
- The township, county, city and state governments are, however, supportive of business and are considered pro-growth. Government incentives for growth include an enterprise zone; tax increment financing and business incentives are available within select areas for qualifying commercial interests.

Environmental Influences

- The Greater Philadelphia Metropolitan Area is conveniently accessible to an extensive network of interstate highways and state and inter-county roads. Interstates 76, 95, 276, 295, 676 and 476 connect the region with all points to the north, south and west.
- The Southeastern Pennsylvania Transportation Authority (SEPTA) is comprised of an extensive underground and surface rail system which connects the Center City Philadelphia with most parts of the city and the suburbs of Pennsylvania, New Jersey and Delaware.
- The area is also served by an extensive rail network which includes CSX Corporation, AMTRAK, and SEPTA commuter rail service. The major airport serving the region is the Philadelphia International Airport which is situated 6+/- miles south of Center City and is accessible via mass transportation. The municipal authority has made an extensive

investment over the past decade in enhanced access and capacity for passenger travel and freight transportation.

Conclusions

The Philadelphia. Pennsylvania Metropolitan Division is an established urban center in the northeast United States which is experiencing a long term transition from a manufacturing oriented economy into a diverse services oriented economy.

It has experienced a sustained economic expansion over the past decade which will likely continue concomitant with national economic growth. The most extensive future economic growth has been and is projected to continue occurring throughout the suburban communities of the region, however, sustained economic growth is projected to continue occurring within Center City Philadelphia and University City Philadelphia.

Center City Philadelphia

The central business district of the City of Philadelphia is a diverse and dynamic area which contains office, residential, retail, hotel, governmental, medical and private club uses, cultural attractions and the hub for local mass transportation. The historical center of Center City is considered to be City Hall which is located at the intersection of Market and Broad Streets.

Center City Philadelphia is the recognized focal point of the Greater Philadelphia Metropolitan Area for business, government and cultural activities. The boundaries for Center City are generally recognized as Interstate 676 (Vine Street Expressway) to the north, Interstate 95/Delaware River to the east, South Street to the South and the Schuylkill River the west.

The subject property is situated within the northwest quadrant of Center City Philadelphia and a West of Broad Street office market area. It is situated 5 blocks west of both City Hall and Suburban Station (public transportation) as well as a short distance south, east and west of the interstate highway system. It is conveniently accessible to residential, commercial, educational, governmental, cultural/social activities, regional transportation centers and the interstate highway.

Center City Philadelphia is further discussed relative to office, residential, retail, hotel and tourist/educational attractions. A detailed office market analysis follows, however, it is briefly summarized within this section.

<u>Office</u>

Center City Philadelphia contains an inventory of 126 office buildings (Class A, B and C) which totals 41.037+/- million square feet and which represents 37.5%+/- of the total inventory of the region (109.326+/- million square feet). Published statistics further indicate that total employment within Center City currently exceeds 306,000+ daily workers of which 269,000+ are employed by the private sector and 37,000 employed by city, school, state and federal government.

Prior to the 1980s the regional inventory was primarily concentrated within Center City, Philadelphia, however, since the mid-1990s the inventory has become oriented towards the suburban markets. This transition has occurred due to the adverse affects of higher operating costs and taxes within the City of Philadelphia as compared to the lower cost environment of the suburbs. Further, the availability of land for development and improved roads and highways have also been factors.

Center City Philadelphia contains 2 recognized office sub-markets: East of Broad Street and West of Broad Street. The East of Broad Street office sub-market is primarily situated along Market and Chestnut Streets, west of 6th Street, and the area surrounding the Independence Hall National Park. The West of Broad Street office sub-market is generally concentrated along Market Street and J.F.K. Boulevard, between Broad and 20th Streets.

The office market of Center City Philadelphia was primarily developed during 3 periods, 1910-1930, 1955-1970 and 1980-1990. These cycles generally paralleled the periods of strong economic growth within the region and nation.

The East of Broad sub-market contains the highest concentration of commercial office buildings constructed prior to 1930. Conversely, the West of Broad sub-market contains the largest concentration of high rise (20+ stories) modern office buildings constructed after 1980 with large contiguous floor plates (20,000 to 30,000 square feet).

South Broad Street was historically recognized as the financial and legal center for Center City Philadelphia and the region through the 1970s. However, market activity subsequently shifted to Market Street, between Broad and 20th Streets, with the development of modern state of the art commercial office buildings constructed with large contiguous floor plates and state-of-the art building systems.

The largest office buildings in terms of height and density (Class A and B) are primarily located along the 6-lane streets which include Broad and Market Streets and J.F.K. Boulevard. Building density diminishes along the narrower 2-lane, 1-way side streets (Chestnut, Walnut, Locust and Spruce Streets) which run parallel with Broad and Market Streets. These parallel roads are improved with 5- to 20-story pre-war office buildings and pre-war and modern residential buildings which are interspersed among older low rise retail/commercial buildings and short term parking lots (grade level and multi-tiered).

The cyclical nature of real estate is still clearly evident as speculative unsubsidized construction has not been evident within Center City Philadelphia. Development on a build-to-suit basis (owner occupancy/long term lease) historically occurred on an unsubsidized basis, however, it is currently occurring exclusively on a subsidized basis for both speculative and build-to-suit projects.

In addition, during the late 1990s/early 2000, numerous existing commercial buildings were renovated and modernized for continued office use. Lastly, numerous older low occupancy Class B and C office buildings have undergone conversion into modern hotel and/or residential buildings.

Future office development is projected to be severely restricted as compared with the preceding decades without extensive governmental subsidies.

Residential

Center City Philadelphia is recognized as a "24 hour" city. A "24 hour city" is generally characterized by an extensive inventory of residential housing which is situated in proximity of its central business district (C.B.D.), cultural and social amenities and transportation hub. Published reports indicate that Center City Philadelphia contains the third largest residential population within the nation after New York City and Downtown Chicago, Illinois.

The residential housing stock comprising Center City Philadelphia is concentrated within a central core area which is comprised of four quadrants formed by the intersection of Broad Street (north/south) and Chestnut Street (east/west). The four quadrants extend to the area

bounded by Spring Garden Street to the north, the Delaware River to the east, South Street to the south and the Schuylkill River to the west.

The neighborhoods generally include Old City and Chinatown within the northeast quadrant; Society Hill, Washington Square, Queens Village and Bella Vista within the southeast quadrant; Rittenhouse Square and Fitler Square within the southwest quadrant; and Logan Square, Franklintown/Art Museum to the northwest. The Penn's Landing residential neighborhood is primarily situated within the northeast quadrant, however, it is currently expanding into the southeast quadrant.

The central core area contains an extensive inventory of 35,000+/- quality housing units oriented towards middle to upper income households. Published market information indicates that the inventory virtually doubles to 70,000+/- units by extending the core area by 0.3+/- miles to the north and south. This includes the area of Northern Liberties to the north and an extension of the Queens Village, Bella Vista and Southwest Philadelphia areas to the south.

The extension of the central core area is supported by population statistics which further illustrate that residential neighborhoods within Center City have been steadily growing over the past 2+ decades. This growth has been occurring as compared with well documented declines in the surrounding lower income neighborhoods of the City of Philadelphia. Further, the average rate of annual growth (1.3%) within Center City has been generally consistent with the overall rate of growth within the suburban counties of the region (0.8% to 1.6% per year).

This development has occurred concomitant with the reemergence of Center City Philadelphia as a center for tourism, arts and entertainment. It has been further supplemented by an influx of a rising middle to upper middle income population, and a steadily growing regional and national economy. The renewed market demand is being satisfied due to the availability of land and obsolete assets for development/re-development coupled with the availability of governmental incentives and development financing.

Center City Philadelphia, Pennsylvania
Residential Population By Quadrant
Formed By Intersection of Broad & Chestnut Streets

Quadrant / C.Y E.	1970	1980	1990	2000	Est 2004		Avg Annual Change 1980-2004	Neighborhoods
Northeast	1,472	2,267	4,931	5,782			4.8%	Old City, Penn's Landing
(1) Northwest	12,694	10,085	9,245	11,235			0 5%	Logan Sq -Art Museum
Southeast	15,012	15 715	15,892	18,017			0 7%	Society Hill/Washington Sq /Penn's Landing
Soutwest	17,531	18 877	19,158	19,173			0 1%	Rittenhouse Square, Fitler Square
Total	**46,709**	**46,944**	**49,226**	**54,207**	**63,507**	**(2)**	**1.3%**	
Philadelphia Cty.	N A.	1,688,211	1,585,577	1,517,550	1,477 292		-0 4%	

Boundaries are Vine Street to the north; DelawareRiver to the east;
South Street to the south, and Schuylkill River to west.
(1) Quadrant extends to Spring Garden Street
Source: Central Philadelphia Development Corporation.
Source. U.S. Department of Census
Compiled by Cushman & Wakefield of Pensylvania, Inc

(2) Through CY 2004
92,712 Projected By C Y. 2009
100,000 Projected By C Y 2010

Published reports and demographic data further indicate that Center City Philadelphia is attracting, in addition to single and married professionals (ages 25-40+/-) with no children, upper middle income professionals (55+) who are relocating to the city from the Philadelphia suburbs now that their children are grown and establishing their own households. Further, these households are comprised of upper middle income individuals as the per capita income is 100% higher than the per capita income of the region ($27,104).

The housing stock is comprised of single-tenant/owner-occupant townhouses, 3- & 4-story walk-up apartment buildings and standard and luxury units within pre-war and modern high rise (10- to 40-stories+/-) apartment buildings. Modern high rise luxury apartment building (20+ stories) are prevalent along the J.F.K. Boulevard and Benjamin Franklin Parkway residential neighborhoods. Rental units have historically been prevalent within multi-tenanted buildings, however, the trend towards condominium activity has become prevalent over the past 3+/- years.

Rittenhouse Square and Society Hill, both historically landmarked areas, are considered to be the most desirable residential locations within Center City as evidenced by limited availabilities and the highest rental rates and sale prices.

The northeast quadrant, which includes Old City, is the fastest growing residential neighborhood due to an extensive inventory of older multi-story loft/industrial buildings. This officially landmarked area has been undergoing an extensive transition over the past decade as the former loft/industrial buildings are being converted into desirable and attractive luxury residential housing. This conversion activity has also been evident to a growing extent to the north within Northern Liberties and the Penn's Landing areas.

The residential housing market languished during the early to mid-1990s as the excesses of the 1980s were absorbed and the city averted bankruptcy while implementing a strategy for future growth. This strategy has subsequently resulted in extensive growth in service based employment through the development of the convention center (further discussion follows) and strong promotion of the city for tourism, arts and entertainment.

It became quite clear during the early 1990s that the extensive inventory within Center City of older industrial buildings and Class B and C office buildings were at the end of their economic life. This was evidenced in severely high vacancy rates and the fact that the achievable returns were not commensurate with the costs of achieving stabilized occupancy.

As such, the City Council, with the approval of the State Legislature, created a real estate tax abatement program which encouraged new development as well as the re-development of former industrial/office space into residential housing units and/or hotel rooms. The program exempted the payment of real estate taxes for a 10-year period on the portion of the assessment attributed to the costs of construction/renovation. The exemption was 100% for the first 3 years, subsequently declining in equal installments over the remaining term.

The City Council and the State Legislature subsequently enhanced the aforementioned program in December, 2000 by granting a 100% exemption for a full 10-year term against the real estate taxes related to the construction costs. The program was upgraded due to the success of the original tax abatement program and the governmental interest in generating a sustained growth in the residential population.

Published reports indicate that 8,356+/- units were introduced as a direct result of the aforementioned abatement between C.Y. 1998 and C.Y. 2005 within new luxury facilities and former industrial/commercial buildings converted to residential use. In addition, the development of attached luxury townhouses on side street locations (under 0.25+/- acres) within Society Hill has also been actively occurring. The upwardly trending economy and increasing demand were the primary factors in re-development, however, the economic advantages of the abatement clearly enhanced economic feasibility.

There are currently 5,800+/- units in various stages of development and projected to be introduced by the C.Y.E. 2008. Development is actively occurring throughout the core and extended core areas of Center City Philadelphia. It is noted that development activity along the

Delaware River may be subject to prolonged delay as the governor recently announced plans to closely scrutinize riverfront development. Development along the Delaware River typically requires the conveyance of riparian rights which are state owned.

The trend towards condominium ownership has been actively occurring throughout all classes of the residential housing stock with Center City. This trend has been occurring due to upwardly trending unit values, the economic benefits of ownership, the lowest interest rates in 40+/- years, all coupled with the favorable tax benefits from the city.

Historical statistics on availabilities are unavailable for Center City Philadelphia, however, it is generally acknowledged that availabilities are in the range of 5%+/- as rental buildings are being actively converted to condominium ownership. The highest availabilities are typically evident with the highest priced luxury projects while the lowest rates are evident within the extensive inventory of walk-up apartments.

Retail

Retail trade is evident on both the north/south and east/west running streets of Center City. Walnut Street, between South Broad Street and Rittenhouse Square, is considered to be the most desirable retail location within Center City. Retail occupancy within this area is currently in the 97%+ range with rents ranging from $50.00 to $100.00 per square foot.

Overall retail occupancy within Center City is currently in the range of 90%+/- with vacancy evident in several larger former bank branches and within older buildings "mothballed" for future re-development. Local, regional and national retailers have an extensive presence within Center City Philadelphia along with 550+ restaurants, bars and night clubs.

The most extensive retail activity has been occurring along East Market and Chestnut Streets, between Independence Mall and Front Streets, and along Chestnut Street, between South 16th and 20th Streets.

Retail activity within the east side has been occurring due to the sustained growth in the residential population and the renewed growth in tourism with the development of the National Constitution Center. Retail activity within the west side has also been actively occurring due to the sustained growth in the residential population coupled with the availability of underutilized retail stores available for modernization and re-leasing.

Currently, Lord & Taylor, (to be renamed Macy's), Strawbridges and Kmart have existing department stores along East Market Street. JC Penney closed its store within the Gallery At Market Street East during the first quarter of C.Y. 2002, and the Strawbridge Department store is projected to be closed during C.Y. 2006.

Burlington Coat Factory leased the former JC Penney facility, however, the future use of the Strawbridge store is still under review. Target, Kohl's, and Sears are, however, negotiating for development sites along East Market Street. In addition, Old Navy, Diesel, and The Gap/Gap Kids/Bay Gap have established stores along East Market Street.

Kmart will soon represent the remaining anchors tenant within the Gallery at Market Street East which is the primary retail space within this corridor. It is a moderately high occupancy 3-level enclosed regional mall which is located on the north side of Market Street, between 8th and 11th Streets, interconnecting with the Market Street East Transportation Center and the Pennsylvania Convention Center. In addition to the aforementioned anchors, it includes 125+ specialty local, regional and national retailers and a grand total of 1.2 million square feet.

The Penn's Landing development project is a well publicized retail/commercial project which is envisioned for the air/development rights above a former pier located on the west bank of the Delaware River at Market Street. This $240 million project within 740,000+/- square feet was scheduled for development by the Melvin Simon Organization between C.Y. 2000 and C.Y. 2003, however, the developer terminated its affiliation during the latter part of C.Y. 2003.

The project was in the advanced stages of planning for several years, however, delays occurred due to difficulties in attracting sufficient equity and concern over competition, parking and the negative influence of the Interstate 95 right-of-way. A new development plan and a new development team are currently undergoing an extensive review by city government and the Delaware River Port Authority.

Convention Center/Hotel

The development of the Pennsylvania Convention Center (598,000 square feet) during the mid-1990s has had a very favorable affect on Center City Philadelphia. This state-of-the-art convention center is one of the largest convention facilities within the nation, and it has been very well received to date. It is located at Market and 12th Streets on the site of the former Reading Railroad Terminal within the northeast quadrant of Center City Philadelphia.

In addition, as part of the Convention Center, it includes the Head House and the Reading Terminal Market. The Head House, located at the northeast corner of Market and 12th Streets, is an 8-story landmark building which represents the main entrance to the Convention Center and also includes grade and concourse retail stores. The Reading Terminal Market, at Filbert and 12th Streets, is a 100 year old food court containing 75 booths within 75,000 square feet. It enjoys a consistent 100% occupancy by food purveyors and restaurants, however, national franchises are not allowed.

The general success of the convention center has lead its ownership (a tax exempt municipal entity), with approval from the state legislature, to begin an expansion by 392,000+ square feet. The site acquisition phase began during C.Y. 2005 with completion projected to occur by C.Y. 2008-2009. A strong demand, competitive pressures from other cities, and extensive hotel development have been the primary reasons for this expansion.

Market acceptance of the convention center lead to a growing demand for hotel rooms within Center City. Consequently, 4,100+/- new rooms were developed between C.Y.'s 1999 and 2001 within new and converted hotels (Class B/C office and pre-war residential buildings). Published reports further indicate that the inventory reached a maximum level 11,160+/- hotel rooms under national and international franchises.

Rising occupancy rates (low 70s%) and rising room rates ($185/night) were evident through mid year 2000 and the Republican National Convention (August, 2000). This positive upward trend subsequently ended concomitant with the well publicized decline in the national economy during the 4th Quarter of C.Y. 2000 and continuing into C.Y. 2001. The decline in tourism and convention center bookings was further exacerbated by the events of September 11, 2001. Lastly affecting the dynamics of this component were high local labor costs and onerous union work rules at the Convention Center. The affects of high labor costs and onerous union rules were adversely impacting the competitiveness of the center within the national market.

The City Convention and Visitors Bureau has been actively promoting tourism and conventions with financial incentives (discounts on room rates, free parking, et al.) over the past 4 years. In addition, during C.Y. 2003 city, state and union officials successfully addressed the above average labor costs and onerous work rules at the Convention Center with the intention of

eliminating these well publicized obstacles and returning the center to a more competitive position within the national market

Published reports indicate that the average annual occupancy and daily rate has, however, been trending higher since January, 2003. This is evidenced in average annual occupancy rates and average daily room rooms of 66.4% and $126, respectively for C.Y. 2003, increasing to 73.1% and $144, respectively for C.Y. 2005.

The financial conditions of the existing inventory of hotels have, however, been severely strained over the past 5+/- years. Nonetheless, improving conditions are currently evident due to a sustained growth in tourism and regional/national economic growth. The growth in demand is occurring concomitant the conversion of multiple hotels (9.8%,1,127 units) into residential condominiums.

Two hotels (Clarion Suites and Hawthorne Suites, 267 rooms total) closed during C.Y. 2003 and C.Y. 2004. The Sheraton Rittenhouse Square (150+/- rooms) was completely closed, and the Radisson Warwick Hotel was partially closed (255 room of 590 total), both during C.Y. 2005 to date. The aforementioned properties are/will be converted into luxury residential condominiums.

A potentially positive influence to the convention center, tourism and hotel and restaurant sectors within Center City is the potential designation for casino gaming of several alternative sites in proximity of the Convention Center. The legislature permitted casino gaming in the state during C.Y. 2004, however, the rules and regulations were actively negotiated over the past 18 months. The bids for the gaming licenses were required by the C.Y.E. 2005 with final selection projected to occur by the C.Y.E. 2006.

Casino Gaming

The state legislature of the Commonwealth of Pennsylvania legally approved casino gaming (slot machines) in June, 2004 under the strong recommendation and lobbying effort of the governor. The approval for casino gaming occurred due to the success of casino operations within New Jersey and the recent state approvals within upstate New York for a native American tribe (Seneca-Cayuga). The advancement of slot machine activity with the States of Delaware and West Virginia were also major considerations. The legislation was effectively justified in order to provide property tax relief throughout the commonwealth.

The legislature approved 14 licenses for slot machine operations which are envisioned to be distributed as follows: 2 within the City of Philadelphia, 1 within the City of Pittsburgh, 7 for pare-mutual racetracks and the balance (4) interspersed throughout the state. Each license will permit 2,000 to 3,000 slot machines.

The bids for the gaming licenses were required by the C.Y.E. 2005 (26 applications received) with final selection projected to occur by the C.Y.E. 2006. Development is projected to commence immediately upon successfully obtaining the gaming license with operations projected to open during C.Y.'s 2007-2009. The gaming license is projected to be awarded to a partnership which will likely be comprised of local investors and a professional gaming operator with a track record of successful operations.

Our market research through published reports and conversations with local professionals indicate that there are effectively 5 eligible sites for casino gaming within the City of Philadelphia of which 4 are situated in proximity of the Delaware River.

The sites envisioned for casino gaming within the City of Philadelphia as of C.Y.E. 2005 are summarized as follows.

Eligible Sites For Two Available Licenses Within City of Philadelphia As Of C.Y.E. 2005

No.	Name	Location	Frontage	Primary Operator
1	Riverwalk Casino	North Columbus Blvd / Delaware Ave At Spring Garden Street	Delaware River	Planet Hollywood/Aladdin's
2	Pinnacle Entertainment Center	North Delaware Avenue At Penn Treaty Park	Delaware River	Pinnacle Entertainment
3	Sugar House Casino	North Delaware Avenue At Penn Street	Delaware River	Midwest Gaming & Entertainment
4	Foxwood Casino	Reed & Tasker Street South Philadlephia	Delaware River	Foxwood Resort Casino
5	TrumpStreet Casino & Entertainment Compelx	Former Budd Manufacturing Site Hunting Park Avenue, west of North Broad Street/South of U S Route 1	Norhtwest Phila	Donald Trump

Source: market research by Cushman & Wakefield of Pennsylvania, Inc.

Site Nos. 1, 2 and 3 are situated north of the Ben Franklin Bridge within the northern perimeter of Penn's Landing. Site Nos. 2 and 3 and Site No. 1 are envisioned for the north and south sides, respectively, of Waterfront Square.

Waterfront Square is a gated luxury residential community which is envisioned to be comprised (5) high rise buildings (10- to 40-stories) containing (940) 1-, 2- and 3-bedroom units under condominium ownership. Two towers are currently under development with completion projected to occur beginning mid-year of C.Y. 2006.

Site No. 4 is situated within a multi-acre riverfront site between Reed and Tasker Streets within South Philadelphia. Lastly, Site No. 5 is situated within the former Budd Manufacturing complex on Hunting Parking Avenue within the southwest quadrant of North Broad Street and U.S. Route 1 (Roosevelt Boulevard) within North Philadelphia.

Cultural/Educational

Center City also contains many cultural attractions which attract tourists throughout the year. This cultural attractions include Independence Hall, the Liberty Bell, the United States Mint, the Franklin Institute, the Academy of Natural Sciences and the Philadelphia Museum of Art, etc.

Independence Hall and the Liberty Bell are situated within the Independence Mall which encompasses a 15+/- acre site, bounded by Walnut and Vine Streets and North 5th/6th Streets and North 7th/8th Streets, within the original C.B.D. of Old City Philadelphia. The national landmark Independence Mall has recently completed a $130 million renovation and development of a National Constitution Center. This federally funded project, which was completed in June, 2003, is significantly enhancing Center City as an international tourist attraction.

In addition, the state-of-the-art Regional Performing Arts Center's was completed and opened during the 4th Quarter of C.Y. 2001. Located at the northwest corner of Broad and Spruce Streets, it contains a 2,500-seat concert hall, a 650 seat recital theater. It is home to 7 resident companies which include American Theater Arts for Youth, Concerto Soloists Chamber Music Society, the Opera Company of Philadelphia, the Pennsylvania Ballet, Philadanco, The Philadelphia Orchestra and the Philadelphia Chamber Music Society.

It is noted that the internationally recognized Barnes Collection may be relocated to a site on the Benjamin Franklin Parkway between City Hall (east) and the Philadelphia Art Museum (west).

The collection, which is part of the Barnes Foundation, represents the largest collection of Impressionist paintings in the world. This potential relocation to a modern facility is projected to occur over the next decade, however, prolonged and contentious litigation has been evident to date over the planned relocation from Lower Merion Township.

Lastly, the National Museum of American Jewish History is projected to be developed over the next several years at 111 South Independence Mall. The site is currently improved with a Class B office building which is at the end of its economic life and scheduled for demolition.

Center City and the immediately surrounding areas of the city also contain numerous colleges and universities which includes the Art Institute of Philadelphia, the University of the Arts, Thomas Jefferson University, the University of Pennsylvania, Drexel/Hahnemann University, Temple University, St Joseph's University, Lincoln University and Philadelphia University (f/k/a Philadelphia Textile).

Linkage

The primary 6-lane roads intersecting Center City (Broad Street, Market Street and J.F.K. Boulevard) provide convenient access to Interstates 95, 676 and 76 and all bridge crossings. Numerous parking facilities are situated throughout the immediate area.

The area below John F. Kennedy Boulevard, between City Hall at Broad Street and North 18th Street, is identified as Suburban Station. Suburban Station is the focal point within the west side of Center City for mass transportation.

In addition, the area below the Pennsylvania Convention Center and the Gallery at Market East is identified as the Market Street East Station. The Market Street East Station is the focal point within the east side of Center City for mass transportation. The 2 connecting stations serve the city and suburban communities of Pennsylvania, New Jersey and Delaware.

Suburban rail service to the Pennsylvania and Delaware suburbs is provided by SEPTA. The city subway service includes the Broad Street line (between North and South Philadelphia), the Market-Frankford line (between Northeast and West Philadelphia) and the PATCO line (between Center City and Gloucester County, New Jersey).

Center City Conclusions

Market data illustrates that Center City is an upwardly trending area which continues to be the focal point of the region for business, government and social/cultural activities.

This observation is based on a growing middle to upper middle income residential population, a pro-business attitude of the city government (stable taxes, improved safety), the development of the Convention Center and supporting hotels, the evidence of declining office vacancies over the past decade, and the conversion of obsolete office buildings into residential housing and hotels.

University City Philadelphia

A brief overview of University City Philadelphia is presented since development activities within this area are also having a favorable long term impact on the dynamics of the western sections of Center City Philadelphia.

The University City section of the City of Philadelphia is situated on the west bank of the Schuylkill River, opposite Center City Philadelphia. Encompassing 2.4+/- square miles, the

boundaries are generally recognized as Market and Spring Garden Streets to the north, the Schuylkill River to the east and south and 49th and 50th Streets to the south and west.

University City is a recognized mixed-use academic, research & development, residential and health services area which has developed around the main campuses of the University of Pennsylvania and Drexel University. It is now the focal point of the Greater Philadelphia Metropolitan Area for undergraduate and graduate studies, medical and technological research and health services.

The University of Pennsylvania is a 250+ year old internationally recognized university with an enrollment of 22,000+/- undergraduate and graduate students. Published information reports a 269+/- acre campus which includes 120+/- academic and administration buildings, residence halls and athletic and recreational facilities.

Drexel University is a growing 110+/- year old university with a current enrollment of 12,000+/- undergraduate and graduate students. It is considered to be one of the best engineering schools within the nation. Published information reports a 50+/- acre campus which includes 24 academic and administration buildings, 7 residence halls (2,600 students), and athletic and recreational facilities.

The University Hospital of the University of Pennsylvania Health System and the Children's Hospital of Philadelphia are premier teaching and pediatric hospitals, respectively, with extensive facilities within University City. The University Hospital is considered to be one of the finest medical centers in the world and Children's Hospital is considered to be one of the best pediatric hospitals in world.

Lastly, the University City Science Center is a non-profit medical and scientific research organization owned by 31 universities and research organizations throughout the region. The University of Pennsylvania is the primary stockholder in this organization.

Land Uses

The primary land uses within University City upon crossing the Schuylkill River from Center City Philadelphia (east) includes 30th Street Station and the U.S. Postal Service Distribution Center. 30th Street Station is a landmark transportation facility which is owned and operated by Amtrak. It represents a major link within the interstate rail corridor serving the Northeastern United States as well as a hub for city and regional rail service.

The U.S. Postal Distribution Center (1.2+/- million square feet) encompasses a 30+/- acre riverfront site which was acquired in C.Y. 2004 by the University of Pennsylvania ($50.6+/- million). It was acquired as part of the on-going expansion and upgrading of the land uses within University City.

Our market research reveals that the open lands south of the main structure will be redeveloped over the next decade into modern athletic field and facilities while the existing structure will be renovated into a state-of-the-art operations center for the Internal Revenue Service. The Internal Revenue Service reportedly will consolidate multiple locations throughout the Middle Atlantic States.

The project is currently in the advanced stages of planning with Brandywine Realty Trust which has been designated as the university's developer/project manager. Brandywine Realty Trust has become the premier developer within University City through its recent development of Cira Centre.

Existing land uses within University City are, however, oriented toward the operations of the University of Pennsylvania, Drexel University, University Hospital and Children's Hospital. Drexel University generally occupies the area along Market Street between 30th and 34th Streets.

The University of Pennsylvania generally occupies the area along Spruce, Walnut, Chestnut and Market Streets between 32nd and 43rd Streets. University Hospital and Children's Hospital are generally situated within the campus of the University of Pennsylvania. University City abuts a low to moderate income residential area of West Philadelphia.

Low to medium rise academic and administration buildings, residence halls, student facilities and athletic fields are evident throughout the area. In addition, retail goods and services are available throughout the area with local, regional and national retailers evident along Market, Chestnut and Walnut Streets and the side streets in proximity of public transportation. Parking garages and national flagged full service hotels are also evident within the main campus of the University of Pennsylvania.

Market Street between 34th and 38th Streets is dominated by the University City Science Center. Three- to 10-story renovated and modern commercial office buildings containing 1.7+/- million square feet are evident within this high occupancy corridor which is considered to be the first urban research park in the nation.

Current Development Activities

Brandywine Realty Trust (N.Y.S.E.) has recently introduced a 28-story tower (Cira Centre) containing 727,725+/- square feet above the rail tracks adjacent to 30th Street Station. In addition, it is reported that this real estate investment trust has indicated its desire to develop an additional 1+/- million square feet within this Keystone Opportunity Improvement Zone (K.O.I.Z.). Further discussion follows on this project, which was completed in December, 2005, and the financial incentives of the K.O.I.Z.

Development within University City is primarily occurring due to the on-going growth of both universities, Children's Hospital and the University City Science Center. Both universities have been actively upgrading and expanding their facilities over the past several years. Drexel University is currently developing multiple multi-story academic building on Market and Chestnut Streets opposite North 32nd Street.

The administration of the University of Pennsylvania has made a decision to enhance its attractiveness to prospective students by developing a similar environment as found at Harvard University and M.I.T. in Cambridge, Mass. and Georgetown University in Washington, D.C.

Over the past 5+/- years, it has begun a major building campaign aimed at upgrading its academic and student buildings with numerous underutilized parcels acquired for future redevelopment. The University completed a multi-plex (6-screen) cinema at Walnut and 40th Streets during C.Y. 2002 which is being operated by a subsidiary of Viacom. This state-of-the-art facility is partially dedicated to the exhibition of independent films. A modern 'boutique" food market (Fresh Grocer) was completed during C.Y. 2003 along with a parking garage for 800-vehicles.

In addition, a mixed-use retail, hotel and student housing and dining facility (Sansom Commons, 300,000+/- square feet) was opened during C.Y. 1999 within the blockfront bounded by Chestnut and Walnut Streets and South 36th and 37th Streets. It is occupied by a 277 room hotel (Inn at Penn) as well as by local, regional and national retailers such as Barnes and Noble and Urban Outfitters, etc. The retail component contains 90,000+/- square feet.

The Wharton School and the Penn Engineering School have developed modern state-of-the art-academic facilities over the past several years. Also, a blockfront site at Chestnut and South 34th Streets is currently undergoing development by the University of Pennsylvania into a 19-story mixed-use facility. The facility will contain student and faculty housing, academic space, general retail space and covered parking. Lastly, multiple mixed-use retail and residential projects on smaller in-fill sites are currently under development within the immediate area by the university.

The University of Pennsylvania has also implemented a community housing program which encourages the renovation and restoration of the existing housing stock comprised of numerous turn-of-the-century properties. The program provides attractive below market financing which is being used by middle and upper middle income professional relocating to the surrounding neighborhoods.

Children's Hospital is also currently undergoing a major expansion (1+/- million square feet) of its inpatient and outpatient facilities.

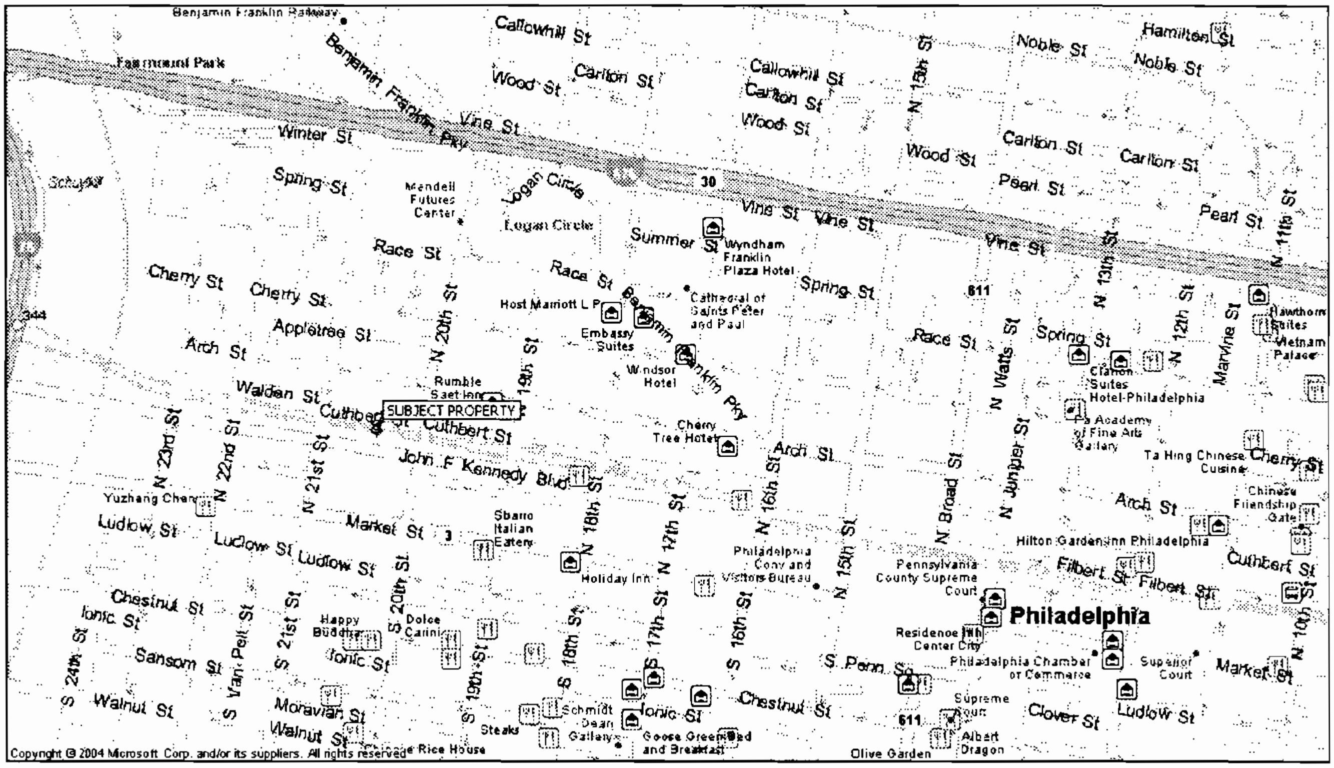
The University City Science Center is also engaged in development activity with a master plan calling for the development of up to 1+/- million square feet of office and research space along Market Street between 34th and 40th Streets. The master plan has been in effect for several years, however, the C.Y. 1999 designation of the existing vacant lots as within a Keystone Opportunity Improvement Zone has significantly improved chances for development. The Keystone Opportunity Improvement Zone, designated by the state, offers favorable developmental incentives including elimination of city and state income taxes and significantly reduced property taxes.

University City Conclusions

The University City market is a self-contained diverse educational, medical, commercial and residential market which is strongly influenced by the activities of the University of Pennsylvania and its affiliates, Drexel University, Children's Hospital and the University City Science Center.

The barriers to entry are high since the aforementioned institutions represent the largest land owners within the influencing market. Further, future occupancies and rent levels will likely be directly affected by the 2 universities, the 2 hospitals, the University City Science Center and the many companies/non-profit organizations serving these organizations.

The area is considered to reflect the dynamics of an insulated market experiencing a long term upward trend.



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Local Market Area

The subject property, as discussed, is located within the northwesterly quadrant of Center City Philadelphia as well as the West of Broad office sub-market. It is further situated 5 blocks west of both City Hall and Suburban Station within the western end of this quadrant.

The northwest quadrant of Center City Philadelphia is an established built-up urban section of Center City Philadelphia which is generally consistent with the aforementioned overview. The general boundaries for this quadrant include Vine Street/Interstate 676 (Vine Street Expressway) to the north, North Broad Street to the east, Market Street to the south and the Schuylkill River to the west.

The quadrant is diagonally intersected by the Benjamin Franklin Parkway which is a scenic 6-lane open boulevard. The boulevard further extends between the Philadelphia Museum of Art/ Fairmount Park and City Hall to the northwest and southeast, respectively.

The highest density is evident east of North 20th Street, declining proceeding west of North 20th Street. The decline in density is attributed to 2 factors. Factor No. 1 is attributed to an active SEPTA railroad right-of-way which enters/exits Suburban Station at the North 20th Street overpass.

The physical presence of this right-of-way, which is part of the subject property under appraisal, has historically acted as a buffer between the areas to the north and south (further discussion follows). Factor No. 2 reflects a downzoning which permits 42% lower density within the area south of Market Street, north of John F. Kenney Boulevard and west on 20th/21st Streets.

The east and west sections of this quadrant are discussed as follows.

<u>East Section</u>

This section is comprised of 2 sub-sections, northeast and southeast. It is delineated as east of North 20th Street and to the north and south of Arch Street.

Northeast Sub-Section: This defined area represents an established built-up section of Center City Philadelphia which is comprised of residential and commercial (retail, office and hotel) land uses along with religious, medical, museum, schools and university land uses.

Land uses within the immediate area include the Hanhemann Campus of Drexel University which is a dual teaching hospital. The Hanhemann Campus has extensive facilities at the junction and immediately surrounding area of North Broad Street and the Vine Street Expressway. In addition, Jefferson University Health Systems operates a modern 6-story rehabilitation facility on the east side of North 16th Street, between Race and Summer Streets.

The Archdiocese of Philadelphia owns the blockfront bounded by Vine and Race Streets and North 17th and 18th Streets. It is improved with the landmark Cathedral of Saint Peter & Paul and a 13-story Class B owner occupied office building with the remainder of the site used for parking.

Three Benjamin Franklin Parkway is part of master plan development which encompasses a 2.7+/- acre blockfront bounded by Cherry and Race Streets and North 16th and 17th Streets. The primary component is a 20-story Class A commercial office building (544,971+/- square feet) constructed in 1969 and extensively renovated during the mid 1990s and over the past 3+/- years.

Three B.F.P. was historically operated as owner occupied (Pennwalt Chemical, Reliance Insurance), however, it has been converted into a multi-tenanted facility over the past 5 years.

Market acceptance is slowly occurring (85%+/-) as a call center by price conscious corporate and governmental tenants. A 2-story private school building (Friends Select School) abuts its northern elevation and shares an open plaza on the west elevation.

Prior to the 1980s, the vicinity of the Benjamin Franklin Parkway was not generally recognized as an office location. However, market acceptance became evident during the 1980s with the development of One Franklin Plaza, One & Two Logan Square and the Bell Atlantic Tower.

Franklin Plaza encompasses a 4.34+/- acre site bounded by Vine and Race Streets and North 16th and 17th Streets. The development includes an interconnecting 24-story Class A commercial office building (One Franklin Plaza, 607,770+/- square feet) which is primarily occupied by Glaxo SmithKline, a 27-story luxury hotel and conference center (The Sheraton f/k/a Wyndham Franklin Plaza Hotel) and an underground parking garage for 600 vehicles.

The development was expanded in 1999 with Three Franklin Plaza which is an 8-story single tenanted Class A commercial office building containing 215,000 square feet of rentable area. It is currently 100% leased under a lease with Glaxo SmithKline.

One & Two Logan Square development is comprised of (2) 30- and 36-story Class A commercial office buildings (1.25+/- million square feet), a Four Season Hotel (250+/- rooms) and a multi-level parking facility (650+/- spaces). It is situated on North 18th Street between Arch Street and the Benjamin Franklin Parkway.

The Bell Atlantic Tower at 1717 Arch Street is a 51-story high quality Class A commercial office building (1.0+ million square feet) constructed during C.Y.'s 1990-1991 which encompasses the northwest corner of Arch and North 18th Streets extending through to Cherry Street.

A notable project is The Phoenix at 1500 Arch Street with direct frontage on the Benjamin Franklin Parkway and City Hall. This is a 19-story landmark commercial office building constructed circa 1925 which was subsequently renovated during C.Y. 2001-2002 into a mixed use retail and luxury residential building.

Our market research reveals that market acceptance was readily achieved during C.Y. 2003 at market levels consistent with the upper end of the luxury market. The residential component has recently been re-introduced to the market for condominium ownership.

Southeast Sub-Section: The focal point of this sub-section is Suburban Station and Market Street. Suburban Station is the transportation center serving the northwest and southwest quadrants of Center City. Market Street is also considered to be the focal point of the West of Broad office sub-market.

Suburban Station experiences extensive pedestrian traffic (50,000 daily commuters) as the transportation hub for the West of Broad office sub-market. The heaviest activity occurs during the morning and evening rush hours. In addition to the extensive common area, the station has been improved with 35,000 square feet of retail space providing local goods and services by local, regional and national retailers and fast food chains.

Suburban Station was originally designed in the late 1920s by the former Penn Central Railroad along with its corporate headquarters (1 Penn Center). The former corporate headquarters is situated directly above Suburban Station. The building, identified as One Penn Center at Suburban Station, encompasses the blockfront bounded by Cuthbert Street to the north, North 16th Street to the east, J.F.K. Boulevard to the south and North 17th Street to the west.

One Penn Center is a 20-story Class A/B commercial office building which contains 662,116 square feet of rentable area. The property, which was renovated in 1987, is a high occupancy property primarily occupied by small space users (100+).

The blockfront bounded by J.F.K. Boulevard to the north, North 15th Street to the east, Market Street to the south and North 17th Street to the west represented an urban renewal tract which was designated for development during the 1950s under a master plan development.

Seven buildings were subsequently developed within this tract from the 1950s-through the early 1980s. It includes 3+/- million square feet within 2 Penn Center at 1500 J.F.K. Blvd., 3 Penn Center at 1515 Market Street, 4 Penn Center at 1600 J.F.K. Boulevard, 5 Penn Center at 1601 Market Street, 6 Penn Center at 1701 Market Street, 7 Penn Center at 1635 Market Street and lastly, 8 Penn Center at 1625 J.F.K. Boulevard. These select buildings are typically high occupancy commercial office buildings.

It is noted that all of the aforementioned properties are interconnecting with Suburban Station and there is an open public area intersecting the central elevations of the block.

The largest private sector commercial office development within Center City Philadelphia over the past 15+/- years is currently under development (Comcast Center) within this immediate area. The project encompasses a multi-acre site on the northerly side of J.F.K. Boulevard, between North 17th and 18th Streets, extending through to Arch Street. It is under development by Liberty Property Trust (N.Y.S.E.) and a German investment group.

This project represents the new western "gateway" to Suburban Station as well as representing the reemergence of Center City Philadelphia as a regional commercial office center. The project, further discussed within the following Office Market Analysis, will contain a 57-story Class A "trophy" commercial office building (1.254+ million square feet) which has been primarily pre-leased (72.5%) under a long term lease to Comcast Corporation for its corporate headquarters.

The project will represent the highest quality asset within this region for design and environmental standards (safety and health). It will also contain extensive public space within the concourse and grade levels which will be interconnecting with Suburban Station. Completion is projected to occur circa January, 2008.

Market Street experienced the most extensive commercial development during the 1980s and early 1990s. This period reflected the development of high rise commercial office buildings constructed with ground floor retail space and efficient floor plates ranging from 20,000 to 30,000 square feet per floor.

There are 4 defining projects of this era which are situated along Market Street: Liberty Place, Mellon Bank Center, Commerce Square, and the north side of Market Street between 19th and 20th Streets.

Liberty Place, encompasses most of the blockfront bounded by Market and Chestnut Street and South 16th and 17th Street. This project, which defines the skyline of Center City, was constructed during the mid to late 1980s. It is comprised of (2) 58- to 61-story high quality Class A commercial office buildings (2.6+/- million square feet), a 3-level vertical retail mall (143,855 square feet), a Weston Hotel (290 rooms) and an underground parking garage.

Two Liberty Place has historically been occupied in its entirety by Ace/Cigna, however, Ace announced its intention during C.Y. 2004 of relocating to alternative city and suburban locations subsequent to lease expiration (February, 28, 2006). The previous ownership (Shorenstein Company and T.I.A.A.- C.R.E.F.) had been unsuccessful in attracting new tenants.

The discouraging near term prospects led the ownership to sell its interest to a group of national investors in late August/early September, 2005. The new ownership had unofficially announced its planned conversion of the upper floor space (Floors 25-50, 800,000+/- square feet) into

luxury residential condominiums. Our market research revealed, however, that the new ownership has been simultaneously negotiating commercial office leases for the mid-rise space (Floor Nos. 19-39+/-) while designating the top 14 floors for residential use.

Success has been elusive to date since Ace/Cigna, which was in physical occupancy through February 28, 2006, was not very accommodating according to our market research. Also, the new ownership is refusing to lease any space less than a full floor (19,946 to 28,805+/- square feet).

Mellon Bank Center, which is also known as 9 Penn Center, encompasses the easterly side of North 18th Street between Market Street and J.F.K. Boulevard. This property is a 54-story and concourse high quality Class A office building constructed in 1984 containing 1,258,985 square feet of rentable office and retail area and an underground garage for 165 cars. In addition, it is also interconnecting with Suburban Station.

The highest rental rates for commercial office space have historically been achieved within One & Two Liberty Place and Mellon Bank Center. The average rental rates within One Liberty Place and Mellon Bank Center from initial opening through C.Y.E. 2001 generally ranged from $20.00 to $30.00+/- per square foot on a fully net basis. The recently expired lease of Two Liberty Place (originally dated December, 1990) was reportedly priced at $34.00 per square foot also on a fully net basis.

The north side of Market Street between North 19th and 20th Streets was originally envisioned as a retail and commercial project similar with the previously discussed Commerce Square I and II. Phase 1 (1901 Market Street) was constructed during C.Y. 1989 as a 51-story Class A commercial office building (760,613+/- square feet), however, Phase No. 2 was never completed as envisioned due to the changing market conditions of the early 1990s.

Phase No. 1 is currently encumbered under a long term multi-year lease with Independence Blue Cross. The remaining site (0.7703+/- acres), after a prolonged period of litigation, was recently sold in March, 2005 for development of a mixed use 45-story retail and luxury residential condominium.

Lastly, Commerce Square I & II encompasses the blockfront bounded by the northerly side of Market Street, extending through to J.F.K. Boulevard, between North 20th and 21st Streets, respectively. This project is comprised of (2) 40-story Class A commercial office buildings constructed in 1987 and 1990 containing 1.9+/- million square feet of rentable retail and office area and an underground parking garage.

Westerly Section

This section is comprised of 2 sub-sections, northwest and southwest. It is delineated as west of North 20th Street and to the north and south of the subject property and Arch Street.

The subject property intersects both sub-sections and is also be considered to represent a physical buffer. In addition, it represents the largest multi-acre upland site (non-riparian) available for development within Center City Philadelphia.

Northwest Sub-Section: This sub-section is improved with residential, cultural and educational land uses.

The Franklintown residential area is situated north of the Benjamin Franklin Parkway, proceeding northwest towards The Philadelphia Museum of Art and Fairmount Park. This represents an established and desirable middle to upper middle income residential area

comprised of modern 20+/- story luxury apartment buildings along with single and multi-tenanted attached townhouses occupying the east/west side streets.

Development activity is currently evident in primarily luxury low rise residential buildings under condominium ownership. A 47-story luxury tower (The Barnes Tower) is proposed for an existing hotel site, however, community opposition is currently very strong.

Notable cultural and educational land uses within this immediate area includes the Academy of the Fine Arts, the Academy of Natural Sciences Museum, the Moore College of Art and the Franklin Institute. These institutions, which are all situated in proximity of the Benjamin Franklin Parkway and Logan Circle, represent very popular destinations for visitor and tourists.

The land uses to the immediate south represents an established and desirable middle to upper middle income residential area comprised of single and multi-tenanted attached townhouses and former industrial buildings converted to residential use.

Development activity currently includes luxury townhouses and a 10-story residential building (The Edgewater, 290 units) which are in the final stages of completion within the excess railroad lands fronting both the Schuylkill River and the Vine Street Expressway. In addition, a multi-story industrial building is currently in the final stages of completion into 176+/- luxury loft apartments on Arch and North 22nd Streets.

Lastly, the southern most section (Arch Street) is primarily improved with commercial land uses comprised of low rise Class B/C office buildings.

Southwest Section: The land uses within this sub-section are primarily commercial with the most extensive availabilities of land available for development. The development potential of this sub-section has attracted the interest of city officials and developers since the urban renewal of 1950s.

The urban renewal of the 1950s attempted to upgrade highest and best use from the heavy industrial uses of the past to modern commercial and residential land uses. In addition, this long term plan was also envisioned to connect Center City Philadelphia and University City Philadelphia.

Historical development activity has significantly underperformed as compared with the other sections of Center City Philadelphia. Nonetheless, attempts have been made over past 3+ decades at fostering sustained development.

This was initially attempted by the local electric utility (Philadelphia Electric Company) which constructed its corporate headquarters at the northwest corner of Market and North 23rd Streets. The property is a 30-story Class A commercial office building constructed circa C.Y. 1969 and containing 522,000+/- square feet of rentable area. The property continues to be utilized as regional headquarters for the electric utility which is now known as PECO, a subsidiary of Excelon, Chicago, Illinois.

Commerce Square I & II represents the most westerly location of the commercial office development of the 1980s. Commerce Square I & II, as discussed, encompasses the blockfront bounded by the northerly side of Market Street, extending through to J.F.K. Boulevard, between North 20th and 21st Streets, respectively. It is comprised of (2) high occupancy 40-story Class A commercial office buildings constructed in 1987 and 1990 containing 1.9+/- million square feet of rentable retail and office area.

Development activity once again appears to be evident within this sub-section. The northwest corner of Market and North 21st Street is currently in the early stages of development of a 42-

story luxury residential condominium (The Murano, 310 units). It is under development by investors affiliated with Commerce Square I & II.

Lastly, it is noted that a former industrial building encompassing the northeast corner of Market and North 21st Streets was successfully renovated into a modern residential rental complex.

It is also noted that the south side of Market Street, between 21st and 22nd Streets, includes multiple multi-acre development sites which are currently attracting the interest of developers. This interest is also evident proceeding south and west within established lower density residential areas.

Primary Local Roads: J.F.K. Boulevard, Market, Chestnut, Sansom, Walnut and Locust Streets are the primary east/west local roads which intersect Center City Philadelphia between Interstate 95 and 76 to the east and west, respectively. The numbered streets are 2-lane 1-way north and south bound local roads which intersect Center City and run between the northern and southern sections of Philadelphia.

It is noted that J.F.K. Boulevard and Market Street are 4-lane 2-way roads between 20th Street (E) and University City Philadelphia (W). Further, North 20th Street is a 2-lane 2-way road between the Benjamin Franklin Parkway (N) and Market Street (S).

Cuthbert Street, Walden Street, Commerce Street, Ludlow Street, Stock Exchange Place, Ranstead Street, Moravian Street, and Chancellor Street are narrow east/west streets which are primarily utilized for shipping and receiving. These streets no longer run continuous, but have been merged into the larger development sites over the past 25 years.

Immediate Market Area

The subject property under appraisal is a multi-acre (8.1671 acres) development site which represents the primary SEPTA railroad right-of-way between Suburban Station and 30th Street. In addition, it is the largest development site comprised of an upland area (non-riparian) within Center City Philadelphia. It further represents a physical buffer between moderate density residential land uses to the north and higher density commercial land uses within the West of Broad office sub-market to the south.

The immediate area of the subject property is delineated as follows.

North: The subject property abuts/faces lower density residential and commercial land uses proceeding west of North 20th Street. The commercial land uses include low rise Class B/C office buildings (3- to 8-stories) primarily under owner occupany and/or professional uses.

The largest land use is a 12-story industrial/loft building at 2200 Arch Street (190,000+/- square feet). The property encompasses the blockfront bounded by Arch Street and the subject property to the north and south, respectively, and North 22nd and 23d Streets to the east and west, respectively.

The property represents the former printing facility of the Philadelphia Daily News which is currently undergoing renovation and conversion into a mixed-use residential complex. The project, which is projected to be completed over the next several months, is comprised of 15,000 square feet of retail/commercial space, 176+/- residential loft condominium units and on on-site parking through an adjoining multi-level garage. Our market research reveals that strong pre-completion sales activity has been evident to date.

East: The subject property abuts the westerly tunnel to Suburban Station via North 20th Street. In addition, it faces a 30-story mixed-use elevatored apartment community constructed circa C.Y. 1967 and containing 650 residential units, retail and commercial office space and multi-

level parking (450+/- vehicles). It encompasses the blockfront bounded by J.F.K. Boulevard and Cuthbert Street and North 19th and 20th Streets to north and south and .east and west, respectively.

South: The subject property faces Commerce Court I & II which, as discussed, represents the furthest point for commercial office development during the expansion of the 1980s. Proceeding west the subject property faces a multi-acre site which encompasses the northwesterly corner of Market and North 22nd Street. The site, as discussed, is in the early stages of development into a luxury residential condominium (The Murano).

The land uses proceeding west includes a former industrial building successfully converted into a residential rental facility (2121 Market Street) followed by the PECO regional headquarters facility.

West: The subject property abuts an active grade level CSX freight railroad right-of-way (2 tracks) which extends north/south along the west bank of the Schuylkill River. The immediate area between the railroad right of way and the east bank of the Schuylkill River is the Schuylkill River Trail. The Schuylkill River Trail is a bike/walking nature trail which runs continuous between Valley Forge National Park, Fairmount Park and Center City Philadelphia to the northwest and southeast.

It is reported to be the intention of the prospective ownership to acquire a right-of-way easement from the railroad for construction of elevated overpasses connecting the subject property within this trail and riverfront.

Published demographic statistics (summary follows) indicate a growing middle income population of 62,272 people within a 1-mile radius of the subject property. The population has steadily risen over the past decade concomitant with the rising the population within Center City, Philadelphia. Pa.

Conclusions

The preceding compilation and discussion illustrates that the Greater Philadelphia Metropolitan Area is an established urban center in the northeast United States which is experiencing a long term transition from a manufacturing oriented economy into a services oriented economy. It has experienced a sustained economic expansion over the past decade which will likely continue concomitant with national economic growth.

The most extensive future economic growth has been and is projected to continue occurring throughout the suburban communities of the region, however, sustained economic growth is projected to continue occurring within Center City Philadelphia and University City Philadelphia.

Subject Property: In conclusion, the subject property is conveniently situated within an emerging residential and commercial area within the western section of Center City Philadelphia. It is considered to be experiencing a long term upward trend.

The following section presents overviews on the retail, residential and commercial office markets of Center City Philadelphia.

CENTER CITY PHILADELPHIA RETAIL MARKET

The retail trade area within Center City Philadelphia is primarily situated within a core area bounded by Arch and Locust Streets to the north and south, respectively and Front and 20th Streets on the east and west, respectively.

The subject property is considered to be situated on the western perimeter of the generally recognized retail trade area of Center City Philadelphia.

A wide variety of retail goods and services from local, regional, national and international retailers and restaurants/cafes are available within this core area with the highest concentration situated along the east/west streets (Market, Chestnut, Sansom and Walnut Streets).

Point of destination trade areas attracting the local and regional population and visiting tourists and students are also evident within Chinatown, Old City and South Street. Published statistics report 550+ restaurants, bars and night clubs within Center City Philadelphia.

Published statistics compiled by the Center City Improvement District in its State of Center City 2006 report identifies a current inventory of 3.5+/- million square feet of retail/commercial space within 2,564+/- licensed stores and restaurants.

The Center City Improvement District is a joint venture comprised of the public and private sectors which was established during the early 1990s in order to combat the problems typically evident within older established urban cities. The goal is to provide for a clean and safe retail/commercial environment serving area residents, office workers and visitors.

The following compilation illustrates a growing retail/commercial trade sector which is occurring concomitant with its growth in residential population and growth in visitors, conventions and tourism. It also reflective of an international recognition for culture and the arts. The latest published information (C.Y. 2003) reports $2.12+/- billion in retail sales which have been growing in excess of the general rate of inflation based on available published information.

Center City Philadelphia Retail Statistics

C.Y.	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Occupied Units	2,308	2,096	2,002	1,874	1,961	1,998	1,979	1,948	1,936	1,869
Available Units	256	312	318	310	270	318	379	372	327	292
Total	2,564	2,408	2,320	2,184	2,231	2,316	2,358	2,320	2,263	2,161
Occupied Units	90.0%	87.0%	86.3%	85.8%	87.9%	86.3%	83.9%	84.0%	85.6%	86.5%
Available Units	10.0%	13.0%	13.7%	14.2%	12.1%	13.7%	16.1%	16.0%	14.4%	13.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Retail Sales (In Millions)	2005	2004	2003				1999			
General Merchandise			$219				$199			
Food			421				164			
Apparel Shops			181				147			
Home/Furniture			270				215			
Restaurants/Cafes/Bar			591				444			
Miscellaneous			438				524			
Total	N.A.	N.A.	$2,120				$1,693			

Source: Center City Improvement District - State of Center City 2006
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Retail occupancy based on total occupied stores has trended higher over the past 2 years to its current level of 90% as of C.Y.E. 2005. The occupancy level ranged from 84% to 87%+/- over the past several years according to published statistics.

Rental rates for individual storefront retail stores in Center City Philadelphia typically range from $25.00 to $100.00 per square foot on a net basis. Walnut Street between 15th and 18th Streets is considered to be the most desirable retail location in the West of Broad Street market.

Current availabilities are primarily evident in the enclosed malls, several larger former bank branches and within older buildings "mothballed" for future re-development. Nonetheless, retail occupancies appear to be in the range of 95%+/- within the primary east/west trade corridors along Market, Chestnut and Walnut Streets within the West of Broad section of Center City Philadelphia.

Major retail centers within Center City Philadelphia include:

- The Bellevue (South Broad and Walnut Streets), with 27 shops and restaurants including Polo/Ralph Lauren, Williams-Sonoma and Nicole Miller.
- The Gallery at Market East (Market Street at North 11th Street), with 149 shops including Old Navy, Gap, Express, Guess and Bath & Body Works, two food courts and two department stores: Strawbridges and Big K-Mart.
- The Shops At Liberty Place (Chestnut bet. 16th & 17th Streets) is a 2-level vertical retail center with 59+/- local, regional and national retailers along with a food court.
- Center City's historic streets, including Old City, Antique and Jeweler's Row, Chestnut, Walnut and Market Streets and the Avenue of the Arts.
- The Reading Terminal Market, Philadelphia's historic marketplace for an exhilarating selection of high-quality baked goods, meats, poultry, seafood, produce, flowers, ethnic foods and cookware, along with eclectic restaurants.

Market Terms and Concessions

Lease terms for retail/commercial tenants range from 1 to 20+/- years with step-ups ranging from 3% per year for the smaller space tenant to 10% every 3- to 5-years for the larger space tenant.

Retail leases are generally structured on a net basis with the tenant responsible for a full pro-rata share of taxes and operating expenses. Tenants will typically pay an administrative surcharge on common area maintenance (5% to 15%+/-) within an enclosed facility, however, management and administrative charges are not typically required with the general retail/commercial component with street frontage.

In addition to the minimum base rent, many retail tenants will contract to pay a percentage of the gross annual sales over a pre-established base amount as overage rent. It is the most common for leases to have a natural breakpoint although many do have stipulated breakpoints. The average overage percentage for small space retail tenants is in a range of 3% to 10% percent. Percentage rent is typically evident within the enclosed retail centers and upscale stores/boutiques along Walnut Street.

Retail tenants are typically provided with a basic vanilla box shell, subsequently finishing its space at its own cost. Nonetheless, regional and national retailers are requiring extensive landlord contributions towards their installation.

Tenant improvements currently range from As Is to $100.00 per square foot. The regional and national tenants typically negotiate such investment, however, this is investment is recovered over the term of the lease through its contract rent.

Concessions in the form of free rent are not considered a significant factor, however, 1 to 3 months is typically evident prior to a new store opening.

Demographics

Published demographic statistics indicate a growing middle income population and rising number of households within a 1-mile radius of the subject property. Further, the rate of growth is generally consistent with the general rate of growth rate for the overall region and clearly superior with the overall City of Philadelphia. The relationship clearly illustrates the upwardly trending demographics within Center City Philadelphia.

SELECTED DEMOGRAPHICS
1- MILE RADIUS OF SUBJECT PROPERTY

Radius (Miles)				1	City of Philadelphia	Phila. Region
Population						
2010 Projection				61,753	1,414,086	5,958,954
2005 Estimate				62,272	1,464,886	5,816,271
2000 census				62,828	1,517,550	5,687,147
1990 census				57,783	1,585,577	5,435,470
Avg. Annual Change	2005	-	2010	-0.2%	-0.7%	0.5%
Avg. Annual Change	1990	-	2005	0.5%	-0.5%	0.5%
Households						
2010 Projection				34,087	553,960	2,260,984
2005 Estimate				34,741	572,789	2,198,346
2000 census				35,254	590,071	2,134,404
1990 census				33,518	603,075	1,990,046
Avg. Annual Change	2005	-	2010	-0.4%	-0.7%	0.6%
Avg. Annual Change	1990	-	2005	0.2%	-0.3%	0.7%
Household Size						
2010 Projection				1.8	2.6	2.6
2005 Estimate				1.8	2.6	2.6
2000 census				1.8	2.6	2.7
1990 census				1.8	2.6	2.6
Percentage of College Graduates				27.1%	10.4%	17.4%
Median Home Values-2005				$199,544	$86,310	$179,127
Income - 2005 Estimate						
Average Household Income				$61,281	$47,011	$72,721
Median Household Income				39,685	34,460	55,191
Per Capita Income				35,403	18,791	27,894

Source: Claritas, Inc.
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Conclusion – Center City Retail Market

The retail/commercial market within Center City Philadelphia is considered to be experiencing a long term upward trend within a desirable urban area which continues to be the focal point of

the region for business, government and social/cultural activities. This growth is projected to continue occurring concomitant with sustained economic growth within the regional and national economies.

CENTER CITY PHILADELPHIA RESIDENTIAL MARKET

An overview of local market conditions forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. In this section, the state of local market conditions is addressed.

There are no comprehensive market surveys on supply and vacancy due to the large size and wide geographic area of the overall market. This overview is based on conversations with local brokers active within the influencing market area, and published articles and reports published by the Philadelphia Inquirer, Delta Associates, Reis Reports, Economy.com and Marcus & Millichap, et al.

A summary of market statistics compiled by the Reis Reports is summarized as follows. The subject property is considered to be situated within a Center City Philadelphia residential sub-market.

Greater Philadelphia, Pennsylvania Metropolitan Area
Summary of Multi-Family Rental Apartments
Inventory As Of

Sub-Market / C.Y.E. December	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1st Qtr. 2006	Average New Units Per Year
Center City Philadelphia	**14,679**	**14,679**	**14,679**	**14,679**	**15,302**	**15,382**	**15,913**	**16,702**	**16,899**	**16,662**	**15,796**	**15,624**	**112**
Northeast Philadelphia	23,801	23,801	23,801	23,801	23,801	23,801	23,801	23,801	23,801	23,801	23,801	23,801	0
North/Northwest Philadelphia	13,946	13,946	13,946	13,946	13,946	13,946	13,946	13,946	13,946	14,014	14,156	14,156	21
West Philadelphia	5,823	5,823	5,823	5,823	5,823	5,823	6,105	6,105	6,105	6,105	6,105	6,105	28
Philadelphia Outlying	**43,570**	**43,570**	**43,570**	**43,570**	**43,570**	**43,570**	**43,852**	**43,852**	**43,852**	**43,920**	**44,062**	**44,062**	**49**
City of Philadelphia	**58,249**	**58,249**	**58,249**	**58,249**	**58,872**	**58,952**	**59,765**	**60,554**	**60,751**	**60,582**	**59,858**	**59,686**	**161**
Bucks County	15,825	15,825	15,825	15,825	15,825	15,825	15,825	15,825	15,825	16,058	16,543	16,543	72
Chester County	17,814	18,231	18,673	19,399	19,754	20,026	20,218	20,670	20,670	20,923	21,273	21,547	346
Delaware County	19,780	19,780	19,780	19,780	19,780	19,780	19,780	19,780	20,060	20,060	19,780	19,780	0
Montgomery County	31,019	31,019	31,019	31,019	31,216	31,523	31,523	31,523	31,523	31,893	32,600	32,600	158
Total Suburban Counties-Pa.	**84,438**	**84,855**	**85,297**	**86,023**	**86,575**	**87,154**	**87,346**	**87,798**	**88,078**	**88,934**	**90,196**	**90,470**	**576**
Camden County	22,106	22,106	22,106	22,106	22,106	22,106	22,106	22,106	21,922	22,263	22,263	22,263	16
Burlington County	17,439	17,439	17,439	17,439	17,439	17,735	18,223	18,393	18,509	18,873	18,873	19,090	143
Gloucester County	5,021	5,021	5,021	5,021	5,021	5,021	5,021	5,021	5,021	5,321	5,550	5,550	53
Total Suburban Counties-N.J.	**44,566**	**44,566**	**44,566**	**44,566**	**44,566**	**44,862**	**45,350**	**45,520**	**45,452**	**46,457**	**46,686**	**46,903**	212
Grand Total - Region	**187,253**	**187,670**	**188,112**	**188,838**	**190,013**	**190,968**	**192,461**	**193,872**	**194,281**	**195,973**	**196,740**	**197,059**	**949**

CY 2006 reflects 1st Quarter through 3/31.

Source. Reis Reports

Compiled by Cushman & Wakefield of Pennsylvania, Inc

Subject Property is situated within Center City Philadelphia Sub-Market

Greater Philadelphia, Pennsylvania Metropolitan Area
Summary of Multi-Family Rental Apartments
Occupancy As A %

Sub-Market / C.Y.E. December	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	**Average**
Center City Philadelphia	**95.7%**	**96.3%**	**96.1%**	**97.0%**	**98.4%**	**99.0%**	**97.1%**	**94.2%**	**94.4%**	**94.0%**	**95.4%**	**94.8%**	**96.2%**
Northeast Philadelphia	96 2%	95 8%	96.2%	96 7%	97.3%	98.7%	97 7%	97 7%	97.5%	96.7%	96 6%	96 4%	97 1%
North/Northwest Philadelphia	95.1%	94.5%	95.8%	97 2%	97.6%	98.7%	97.6%	96 5%	96.5%	96 0%	95.8%	95 8%	96 6%
West Philadelphia	95.5%	96.1%	96.8%	96.4%	95.5%	96.3%	94 4%	95.0%	95.7%	94 6%	93.7%	94.1%	95.6%
Philadelphia Outlying	**95.8%**	**95.4%**	**96.2%**	**96.8%**	**97.1%**	**98.4%**	**97.2%**	**96.9%**	**96.9%**	**96.2%**	**95.9%**	**95.9%**	**96.7%**
City of Philadelphia	**95.8%**	**95.6%**	**96.1%**	**96.9%**	**97.5%**	**98.6%**	**97.2%**	**96.2%**	**96.2%**	**95.6%**	**95.8%**	**95.6%**	**96.6%**
Bucks County	96.4%	97.5%	97.7%	97.7%	98.1%	99.0%	98.8%	98.3%	97 6%	97.4%	95.9%	95.9%	97.8%
Chester County	96.9%	98 1%	97 7%	98 2%	98 0%	98.7%	97.9%	95.6%	96.3%	97.0%	95 8%	95.7%	97 4%
Delaware County	96.6%	97.8%	98.0%	97 2%	96.7%	97.8%	97.1%	97.1%	95.5%	96.3%	96.6%	96.1%	97 0%
Montgomery County	96.7%	96.9%	96.4%	97.6%	98.1%	98.6%	97.4%	96.9%	95.8%	96.0%	93.8%	93.6%	97.0%
Total Suburban Counties-Pa.	**96.6%**	**97.5%**	**97.3%**	**97.7%**	**97.8%**	**98.5%**	**97.7%**	**96.9%**	**96.2%**	**96.5%**	**95.3%**	**95.0%**	**97.3%**
Camden County	95.4%	96 0%	95.9%	96.4%	96.5%	97.5%	96.9%	95.7%	95.7%	94.4%	95.1%	95.2%	96.0%
Burlington County	96.1%	95.7%	96.9%	97 1%	97.7%	98.7%	98 6%	98.1%	97.3%	96.5%	96.7%	97.0%	97.3%
Gloucester County	96.9%	95 9%	97.1%	97 0%	95.8%	98.3%	98 0%	97 9%	95.8%	95.3%	95.7%	95.3%	96.8%
Total Suburban Counties-N.J.	**95.9%**	**95.9%**	**96.4%**	**96.7%**	**96.9%**	**98.1%**	**97.7%**	**96.9%**	**96.4%**	**95.4%**	**95.8%**	**95.9%**	**96.6%**
Grand Total - Region	**96.2%**	**96.5%**	**96.7%**	**97.2%**	**97.5%**	**98.4%**	**97.5%**	**96.7%**	**96.2%**	**96.0%**	**95.6%**	**95.4%**	**96.9%**

CY 2006 reflects 1st Quarter through 3/31.

Source: Reis Reports

Compiled by Cushman & Wakefield of Pennsylvania, Inc. Subject Property is situated within Center City Philadelphia Sub-Market

Greater Philadelphia, Pennsylvania Metropolitan Area
Summary of Multi-Family Rental Apartments
Vacancy As A %

Sub-Market / C.Y.E. December	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average
Center City Philadelphia	**4.3%**	**3.7%**	**3.9%**	**3.0%**	**1.6%**	**1.0%**	**2.9%**	**5.8%**	**5.6%**	**6.0%**	**4.6%**	**5.2%**	**3.8%**
Northeast Philadelphia	3.8%	4.2%	3.8%	3.3%	2.7%	1.3%	2.3%	2.3%	2 5%	3.3%	3 4%	3.6%	2.9%
North/Northwest Philadelphia	4.9%	5.5%	4.2%	2.8%	2.4%	1.3%	2.4%	3.5%	3.5%	4.0%	4.2%	4 2%	3 4%
West Philadelphia	4.5%	3.9%	3.2%	3.6%	4.5%	3.7%	5.6%	5.0%	4.3%	5.4%	6.3%	5.9%	4.4%
Philadelphia Outlying	**4.2%**	**4.6%**	**3.8%**	**3.2%**	**2.9%**	**1.6%**	**2.8%**	**3.1%**	**3.1%**	**3.8%**	**4.1%**	**4.1%**	**3.3%**
City of Philadelphia	**4.2%**	**4.4%**	**3.9%**	**3.1%**	**2.5%**	**1.4%**	**2.8%**	**3.8%**	**3.8%**	**4.4%**	**4.2%**	**4.4%**	**3.4%**
Bucks County	3.6%	2.5%	2.3%	2.3%	1.9%	1 0%	1.2%	1.7%	2.4%	2.6%	4 1%	4.1%	2.2%
Chester County	3.1%	1.9%	2.3%	1 8%	2.0%	1.3%	2.1%	4.4%	3.7%	3 0%	4 2%	4.3%	2 6%
Delaware County	3.4%	2.2%	2.0%	2.8%	3.3%	2.2%	2.9%	2.9%	4 5%	3.7%	3.4%	3.9%	3 0%
Montgomery County	3 3%	3 1%	3.6%	2.4%	1.9%	1.4%	2.6%	3.1%	4 2%	4.0%	6.2%	6 4%	3.0%
Total Suburban Counties-Pa.	**3.4%**	**2.5%**	**2.7%**	**2.3%**	**2.2%**	**1.5%**	**2.3%**	**3.1%**	**3.8%**	**3.5%**	**4.7%**	**5.0%**	**2.7%**
Camden County	4.6%	4.0%	4.1%	3 6%	3.5%	2 5%	3.1%	4.3%	4.3%	5.6%	4 9%	4.8%	4.0%
Burlington County	3 9%	4.3%	3.1%	2.9%	2.3%	1.3%	1.4%	1.9%	2.7%	3.5%	3.3%	3.0%	2.7%
Gloucester County	3.1%	4.1%	2.9%	3.0%	4.2%	1.7%	2.0%	2.1%	4.2%	4.7%	4.3%	4.7%	3.2%
Total Suburban Counties-N.J.	**4.1%**	**4.1%**	**3.6%**	**3.3%**	**3.1%**	**1.9%**	**2.3%**	**3.1%**	**3.6%**	**4.6%**	**4.2%**	**4.1%**	**3.4%**
Grand Total - Region	**3.8%**	**3.5%**	**3.3%**	**2.8%**	**2.5%**	**1.6%**	**2.5%**	**3.3%**	**3.8%**	**4.0%**	**4.4%**	**4.6%**	**3.1%**

CY 2006 reflects 1st Quarter through 3/31

Source: Reis Reports

Compiled by Cushman & Wakefield of Pennsylvania, Inc

Subject Property is situated within Center City Philadelphia Sub-Market

Summary Of Market Statistics
Local Sub-Market
Inventory (Units)

Sub-Market / C.Y E. December	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	1st Qtr. 2006	Average New Units P/ Year
Center City Philadelphia	14,679	14,679	14,679	14,679	15,302	15,382	15,913	16,702	16,899	16,662	15,796	15,624	**112**
City of Philadelphia	58,249	58,249	58,249	58,249	58,872	58,952	59,765	60,554	60,751	60,582	59,858	59,686	**161**
Total Suburban Counties, Pa.	84,438	84,855	85,297	86,023	86,575	87,154	87,346	87,798	88,078	88,934	90,196	90,470	**576**
Total Suburban Counties, NJ	44,566	44,566	44,566	44,566	44,566	44,862	45,350	45,520	45,452	46,457	46,686	46,903	**212**
Grand Total Region	187,253	187,670	188,112	188,838	190,013	190,968	192,461	193,872	194,281	195,973	196,740	197,059	**949**

CY 2006 reflects 1st Quarter through 3/31
Source· Reis Reports
Compiled by Cushman & Wakefield of Pennsylvania, Inc   Subject Property is situated within Center City Philadelphia Sub-Market

Summary Of Market Statistics
Local Sub-Market
Occupancy As A %

Sub-Market / C.Y.E. December	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	**Average**
Center City Philadelphia	95.7%	96.3%	96 1%	97.0%	98.4%	99.0%	97.1%	94.2%	94.4%	94.0%	95.4%	94.8%	**96.2%**
City of Philadelphia	95.8%	95.6%	96.1%	96.9%	97.5%	98.6%	97.2%	96.2%	96.2%	95.6%	95 8%	95 6%	**96.6%**
Total Suburban Counties, Pa.	96.6%	97.5%	97.3%	97.7%	97.8%	98.5%	97.7%	96.9%	96.2%	96.5%	95.3%	95.0%	**97.3%**
Total Suburban Counties, NJ.	95.9%	95.9%	96.4%	96.7%	96.9%	98.1%	97.7%	96.9%	96.4%	95.4%	95.8%	95.9%	**96.6%**
Grand Total Region	96.2%	96.5%	96.7%	97.2%	97.5%	98.4%	97.5%	96.7%	96.2%	96.0%	95.6%	95.4%	**96.9%**

CY 2006 reflects 1st Quarter through 3/31.
Source. Reis Reports
Compiled by Cushman & Wakefield of Pennsylvania, Inc.   Subject Property is situated within Center City Philadelphia Sub-Market

Summary Of Market Statistics
Local Sub-Market
Vacancy As A %

Sub-Market / C.Y.E. December	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average
Center City Philadelphia	4.3%	3 7%	3.9%	3.0%	1.6%	1.0%	2.9%	5.8%	5.6%	6.0%	4.6%	5.2%	**3.8%**
City of Philadelphia	4.2%	4.4%	3.9%	3.1%	2.5%	1.4%	2.8%	3.8%	3 8%	4.4%	4 2%	4.4%	**3.4%**
Total Suburban Counties, Pa.	3 4%	2 5%	2.7%	2.3%	2.2%	1 5%	2 3%	3.1%	3.8%	3.5%	4 7%	5.0%	
Total Suburban Counties, NJ.	4.1%	4.1%	3.6%	3.3%	3.1%	1.9%	2.3%	3.1%	3.6%	4.6%	4.2%	4.1%	**3.4%**
Grand Total Region	3.8%	3 5%	3 3%	2.8%	2.5%	1 6%	2.5%	3 3%	3.8%	4.0%	4.4%	4.6%	**3.1%**

CY 2006 reflects 1st Quarter through 3/31.
Source: Reis Reports
Compiled by Cushman & Wakefield of Pennsylvania, Inc

Subject Property is situated within Center City Philadelphia Sub-Market

Greater Philadelphia, Pa. Metropolitan Area
Change In Market Rents

Period No	1	2	3	4	5	6	7	8	8.25	Average Annual % Change	Average Annual % Change
As of C.Y.E	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	03/31/06	1/99 - 12/05	1/01-12/05
AVERAGE GROSS (FACE) MONTHLY RENTS											
Bucks County, Pa.	$1,090	$1,180	$1,248	$1,337	$1,335	$1,348	$1,385	$1,413	$1,412	3.8%	2.5%
Chester County, Pa.	992	1,106	1,150	1,202	1,257	1,276	1,243	1,301	1,266	3.9%	2.5%
Montgomery County, Pa.	1,007	1,072	1,118	1,173	1,179	1,179	1,267	1,313	1,344	3.9%	3.3%
Pa. Counties- Suburban Philadelphia	**$1,027**	**$1,102**	**$1,150**	**$1,208**	**$1,234**	**$1,246**	**$1,275**	**$1,324**	**$1,325**	**3.7%**	**2.9%**
Camden County, N.J.	$786	$858	$913	$988	$1,005	$1,048	$1,076	$1,181	$1,170	6.0%	5.3%
Burlington County, N.J.	863	902	966	1,056	1,095	1,104	1,119	1,138	1,153	4.0%	3.3%
Southern New Jersey	**$826**	**$883**	**$943**	**$1,025**	**$1,052**	**$1,077**	**$1,098**	**$1,161**	**$1,162**	**5.0%**	**4.3%**
Center City, Philadelphia	**$1,053**	**$1,079**	**$1,207**	**$1,496**	**$1,541**	**$1,601**	**$1,774**	**$1,769**	**$1,810**	**7.7%**	**7.9%**
Greater Philadelphia, Pa. Metropolitan Area	**$962**	**$1,020**	**$1,073**	**$1,139**	**$1,171**	**$1,184**	**$1,221**	**$1,397**	**$1,395**	**5.5%**	**5.4%**
AVERAGE EFFECTIVE (NET) MONTHLY RENTS											
Bucks County, Pa.	$1,089	$1,179	$1,221	$1,271	$1,306	$1,288	$1,323	$1,288	$1,287	2.4%	1.1%
Chester County, Pa.	991	1,105	1,133	1,164	1,179	1,202	1,191	1,257	1,248	3.5%	2.1%
Montgomery County, Pa	1,008	1,072	1,105	1,142	1,111	1,123	1,185	1,263	1,279	3.3%	2.7%
Pa. Counties- Suburban Philadelphia	**$1,027**	**$1,101**	**$1,132**	**$1,167**	**$1,185**	**$1,180**	**$1,207**	**$1,265**	**$1,269**	**3.0%**	**2.2%**
Camden County, N.J.	$786	$845	$889	$945	$984	$1,074	$1,053	$1,166	$1,167	5.8%	5.6%
Burlington County, N.J.	863	889	947	1,025	1,050	1,048	1,104	1,138	1,153	4.0%	3.8%
Southern New Jersey	**$826**	**$870**	**$921**	**$988**	**$1,027**	**$1,062**	**$1,080**	**$1,153**	**$1,161**	**4.9%**	4.6%
Center City, Philadelphia	**$1,053**	**$1,079**	**$1,207**	**$1,497**	**$1,499**	**$1,544**	**$1,696**	**$1,713**	**$1,754**	**7.2%**	**7.3%**
Greater Philadelphia, Pa. Metropolitan Area	**$962**	**$1,015**	**$1,060**	**$1,116**	**$1,132**	**$1,137**	**$1,168**	**$1,352**	**$1,353**	**5.0%**	**5.0%**

Source: Delta Report, Philadelphia Class A (Luxury) Apartment Market
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Class A Luxury Multi-Family Residential Market
Historical & Current Vacancy Rates

	Overall Market - Stabilized & Under Lease-Up								
C.Y.E.	1998	1999	2000	2001	2002	2003	2004	2005	1st Qtr06
Center City Philadelphia	**0.7%**	**2.9%**	**0.5%**	**18.6%**	**10.8%**	**7.6%**	**9.3%**	**7.8%**	**8.2%**
Philadelphia Metropolitan	**9.7%**	**11.6%**	**3.0%**	**3.6%**	**9.1%**	**6.8%**	**14.1%**	**11.3%**	**10.5%**
Bucks County	1.9%	4.0%	3.2%	2.7%	3.3%	6.4%	18.8%	12.3%	8.0%
Chester County	19.6%	5.5%	1.0%	2.1%	20.0%	12.7%	10.1%	6.9%	6.6%
Montgomery County	10.5%	11.6%	2.8%	2.3%	4.0%	3 2%	25.4%	16.1%	13.8%
Suburban Pennsylvania	**12.9%**	**8.1%**	**2.2%**	**2.3%**	**11.3%**	**8.0%**	**18.5%**	**12.1%**	**10.3%**
Camden County, N.J.	4.6%	17.0%	3.6%	9 8%	9.6%	8.2%	7 1%	23.2%	23.2%
Burlington County, N.J	1.7%	18.1%	5.2%	2.3%	0.8%	1.2%	1.2%	1.6%	1.5%
Southern New Jersey	**3.1%**	**17.6%**	**4.5%**	**5.7%**	**5.0%**	**4.5%**	**4.0%**	**13.1%**	**12.8%**

	Overall Market - Stabilized Occupancy								
C Y E.	1998	1999	2000	2001	2002	2003	2004	2005	1st Qtr06
Center City Philadelphia	**0.7%**	**2.9%**	**0.5%**	**2.0%**	**1.0%**	**2.5%**	**3.2%**	**3.2%**	**3.9%**
Philadelphia Metropolitan	**2.2%**	**2.5%**	**1.4%**	**2.4%**	**2.7%**	**3.1%**	**3.0%**	**3.5%**	**3.7%**
Bucks County	1.9%	4.0%	3.2%	2.7%	3.3%	6.4%	3.8%	3.7%	5.4%
Chester County	1.9%	3.1%	1.0%	2.1%	2.8%	4.0%	3.7%	4.1%	4.8%
Montgomery County	1.5%	1 7%	0 9%	2.3%	4.0%	3.2%	2.7%	4.3%	3 7%
Suburban Pennsylvania	**1.7%**	**2.6%**	**1.2%**	**2.3%**	**3.4%**	**4.0%**	**3.3%**	**4.1%**	**4.3%**
Camden County, N.J.	4.6%	4.1%	3.6%	2.9%	2.3%	2.0%	3.6%	3.7%	2.8%
Burlington County, N.J.	1.7%	0.9%	0.3%	2.3%	0.8%	1.2%	1.2%	1.6%	1.5%
Southern New Jersey	**3.1%**	**2.3%**	**1.7%**	**2.6%**	**1.5%**	**1.6%**	**2.3%**	**2.7%**	**2.2%**

Source: Delta Report, Philadelphia Class A (Luxury) Apartment Market
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

General Market Overview

The Greater Philadelphia, Pennsylvania Metropolitan Area is comprised of an established and diverse housing stock which includes single family attached and detached homes, attached townhouses, walk-up and elevatored apartment buildings and low rise garden apartments.

High rise luxury residential development (10- to 40+ stories) and the highest monthly rents are typically found within Center City Philadelphia. Lower density development is evident proceeding away from Center City with 2- to 4-story garden apartment type complexes and walk-up apartment buildings prevalent.

Single family attached and detached homes are, however, the prevalent form of housing throughout the suburban communities of the region. The older established communities of Northwest Philadelphia and Montgomery County, such as Cheltenham, Plymouth and West Norriton Township, also contain 10- to 15-story luxury apartment buildings which were constructed from the 1950s through the early 1970s.

The residential housing market languished during the early to mid-1990s as the excesses of the 1980s were absorbed. The following compilation illustrates the demands of a growing residential population between C.Y. 1998-2005 (8 years). This growing demand resulted in an average of 9,235+/- building permits per year of which 76% (7,015) was oriented towards single family homes. The balance (24%, 2,219 units) was oriented towards multi-family development.

Greater Philadelphia, Pa. Metro Area
Residential Building Permits

Year	Single Family	As a %	Multi-Family	As a %	Total	As a %
1998	9,883	84.0%	1,883	16.0%	11,766	100.0%
1999	9,696	85.3%	1,666	14.7%	11,362	100.0%
2000	9,041	79.6%	2,311	20.4%	11,352	100.0%
2001	8,179	79.5%	2,105	20.5%	10,284	100.0%
2002	8,685	84.5%	1,595	15.5%	10,280	100.0%
2003	7,994	68.4%	3,698	31.6%	11,692	100.0%
2004	8,348	65.8%	4,335	34.2%	12,683	100.0%
2005	8,919	71.5%	3,563	28.5%	12,482	100.0%
Total	70,745	77.0%	21,156	23.0%	91,901	100.0%
Average	8,843	77.0%	2,645	23.0%	11,488	100.0%
Projected						
2006	8,458	76.8%	2,554	23.2%	11,012	100.0%
2007	6,974	77.7%	1,998	22.3%	8,972	100.0%
2008	6,381	74.7%	2,161	25.3%	8,542	100.0%
2009	6,248	74.3%	2,164	25.7%	8,412	100.0%
Total	28,061	76.0%	8,877	24.0%	36,938	100.0%
Average	7,015	76.0%	2,219	24.0%	9,235	100.0%

Source: Economy. Com
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

In addition, the residential housing market has further segmented over the past 20+/- years in order to accommodate the changing market dynamics of a well publicized aging population. As such, the development of communities for active adults (age 55+) has been evident throughout

the Greater Philadelphia, Pennsylvania Metropolitan Area. This activity has been primarily evident through the development for the sales market of single family homes and townhouses within planned communities.

The development of rental communities for active adults (age 55+) has been evident on a limited basis to date within the influencing market. Nonetheless, the development of independent/assisted living facilities with a wide variety of daily and health care related services have also been developed, most notably by Marriott and Assisted Living.

New residential development (luxury rental garden and townhouse style apartments) have been primarily evident within suburban Chester County, western Delaware County, Montgomery County, Central Bucks County and Camden/Burlington Counties, New Jersey. The aforementioned areas of development are consistent with the shifting regional population.

Our market research further reveals that 3,572+ units within 17+/- luxury multi-family projects have been developed over the past 7+ years within Bucks, Chester, Delaware and Montgomery Counties in suburban Philadelphia and in Camden and Burlington Counties in suburban southern New Jersey. There are currently 4,140+/- units under development and marketing within the suburban counties of the region. Lastly, there are 4,000+/- units proposed and in the early stage of development within the suburban counties of the region according to published information.

This development has occurred concomitant with a shifting and growing population, a steadily growing regional and national economy, improved roads and municipal water & sewer systems, the availability of land for development, and the availability of development financing.

Center City Philadelphia

Inventory

Center City Center City Philadelphia is recognized as a "24 hour" city. A "24 hour city" is generally characterized by an extensive inventory of residential housing which is situated in proximity of its central business district (C.B.D.), cultural and social amenities and transportation hub. Published reports indicate that Center City Philadelphia, Pennsylvania contains the third largest residential population within the nation after New York City and Downtown Chicago, Illinois.

The residential housing stock comprising Center City Philadelphia is concentrated within a central core area which is comprised of four quadrants formed by the intersection of Broad Street (north/south) and Chestnut Street (east/west). The four quadrants extend to the area bounded by Spring Garden Street to the north, the Delaware River to the east, South Street to the south and the Schuylkill River to the west.

The neighborhoods generally include Old City and Chinatown within the northeast quadrant; Society Hill, Washington Square, Queens Village and Bella Vista within the southeast quadrant; Rittenhouse Square and Fitler Square within the southwest quadrant; and Logan Square, Franklintown/Art Museum to the northwest. The Penn's Landing residential neighborhood is primarily situated within the northeast quadrant, however, it is currently expanding into the southeast quadrant.

The central core area contains an extensive inventory of 35,000+/- quality housing units oriented towards middle to upper income households. Published market information indicates that the inventory virtually doubles to 70,000+/- units by extending the core area by 0.3+/- miles

to the north and south. This includes the area of Northern Liberties to the north and an extension of the Queens Village, Bella Vista and Southwest Philadelphia areas to the south.

The extension of the central core area is supported by population statistics which further illustrate that residential neighborhoods within Center City have been steadily growing over the past 2+ decades. This growth has been occurring as compared with well documented declines in the surrounding lower income neighborhoods of the City of Philadelphia. Further, the average rate of annual growth (1.3%) within Center City has been generally consistent with the overall rate of growth within the suburban counties of the region (0.8% to 1.6% per year).

This development has occurred concomitant with the reemergence of Center City Philadelphia as a center for tourism, arts and entertainment. It has been further supplemented by an influx of a rising middle to upper middle income population, and a steadily growing regional and national economy. The renewed market demand is being satisfied due to the availability of land and obsolete assets for development/re-development coupled with the availability of governmental incentives and development financing.

Ownership

The inventory of single family homes and townhouses has typically reflected owner occupancy while the multi-family housing stock has typically operated on a rental basis. The type of ownership has, however, fluctuated concomitant with the cyclical nature of real estate.

Condominium ownership has been evident within Center City Philadelphia since the 1920s, however, this type of ownership was only reflected within multi-family luxury buildings serving the upper income households of the era. The trend toward condominium ownership ended after the stock market crash of 1929 and the ensuing depression of the 1930s. Bankruptcies and foreclosures occurred extensively throughout the city during this period as numerous condominiums were subsequently converted back into income producing rental properties.

The condominium ownership of multi-family real estate re-emerged within Center City during the 1980s due to a growing retail demand for owning and investing in multi-family apartments. The trend toward condominium ownership was evident within all classes of multi-family real estate from the 3- to 5-story walkups to luxury high-rise elevatored buildings. The trend was occurring primarily within existing real estate, however, the development and sale of new construction was also evident.

The demand for residential condominiums was evident from a growing population of middle-income professionals who were interested in the financial benefits of home ownership. In addition, there was a growing demand by small investors which acquired single or multiple units for investment purposes.

Favorable tax laws were a major factor in this trend coupled with an interest by ownership in maximizing its economic return while reducing its financial risk. The trend of the 1980s toward condominium conversion effectively ended subsequent to the Tax Reform Act of 1986 followed by the stock market crash in 1987, and the banking crisis and recession in 1989-90.

The rent/lease of multi-family real estate was subsequently prevalent during the 1990s through C.Y.'s 2003/2004 due to the typical transient nature of an urban population and the perceived illiquidity of real estate.

In addition, current owners lacked the economic incentive to share the benefits of ownership through a condominium due to rising rents well above the general rate of inflation, the convenient availability of financing and a favorable city tax abatement program. Consequently, development activities were primarily being oriented towards the income producing rental.

The market dynamics began changing during the early part of this decade as the regional and national economic conditions finally began a sustained rise in growth and employment. This emerging trend began subsequent to the recession of C.Y. 2001 and events of September 11, 2001.

This new trend was occurring concomitant with the lowest interest rates in 40 years, and an influx of upper middle income professionals downsizing and relocating from the suburbs to the city. Also in evidence has been a well publicized rise in a segment of the population (age 18 to 25) attributed to the children of the "baby boomer's" of the post WWII period.

The trend towards condominium ownership has become prevalent over the past 3- to 5+/- years for both new construction and conversion of existing inventory. This trend has been occurring as the growth in unit pricing has been rising well above inflation and the corresponding growth in rental rates. The indicated unit values between the two types of ownership have risen to a wide disparity (up to 100%) over the past 3+ years.

Thus, market demand coupled with a maximized economic return has lead most owner's/developer's to this aspect of development. This trend has been occurring throughout all segments of the local market inclusive of 2- to 3-story walk-up buildings, renovated and converted Class B/C office and industrial projects of the late 1990s/early 2000, hotels and new luxury high rise projects.

In conclusion, an exact inventory is unknown of residential condominiums within Center City Philadelphia, however, this form of ownership appears to be evident in all classes of multi-family properties throughout its core and extended core neighborhoods.

Additions To Inventory

Center City has been experiencing new construction and conversion activity over the past decade. Published reports indicate that 8,356+/- units were added to the residential housing stock between C.Y. 1998 and C.Y. 2005. The addition of these units occurred through new single and multi-family construction activity as well as through conversion into residential use of former hotels, Class B/C office buildings and industrial buildings, and lastly new luxury development.

The growth in the residential housing stock has been occurring due a sustained demand for luxury housing within Center City. The growth in demand has been occurring due to the previously discussed favorable demographic trends coupled with attractive governmental incentives from the City of Philadelphia. The existing abatement program was upgraded in December, 2000 due to the success of the original tax abatement program and the governmental interest in fostering sustained growth in the residential population.

Our market research reveals that there are 5,800+/- units currently under development and/or in various stages of the approval process for introduction over the next 2+/- years. Development is actively occurring throughout the central and expanded cores of Center City Philadelphia. This activity continues to include a wide array of product type including attached townhouses, converted industrial/loft and former Class B commercial office buildings and new luxury development. The development towards condominium ownership continues to be prevalent.

The luxury development is projected to occur within an upwardly trending Old City section , the emerging areas along the Delaware and Schuylkill Rivers, and the recognized established areas of Penn Square (opposite City Hall), the Avenue of the Arts, Rittenhouse Square and the Franklintown/Art Museum.

The following compilation reflects (19) luxury projects (6,396 units) which are recently completed, currently under construction, and envisioned. The development for condominium ownership is prevalent. The estimated number of units increases to 10,000+ unit inclusive of the proposed units within the subject property as envisioned.

Center City Philadelphia, Pa.
Summary of New & Proposed Luxury Development

No	Project	Address	Type	Type	No. of Units	Year of Completion	Comments
1	Saint James Court	700 Walnut St. At Washington Square	New Luxury	Rental	307	2004	
2	The Edgewater	2323 Race Street On Schuylkill River	New Luxury	Condo	290	2006	Luxury townhomes and apartments
3	The Tivoli	Hamilton at 20th St	New Luxury	Condo	200	2005/2006	Luxury townhomes and lofts
4	Waterfront Square	877 North Penn Street at Spring Garden	New Luxury	Condo	940	2006	Frontage on Delaware River
5	Symphony House	S/C/C of Broad & Pine	New Luxury	Condo	160	2006	31-story luxury condomium - Phila. Theatre Company
6	10 Rittenhouse Sq	Wanut at 18th St	New Luxury	Condo	150	2007	Luxury condominium apartments
7	National At Old City	Front Street	New Luxury	Condo	322	2007	Luxury condominium apartments
8		1706 Rittenhouse Square	New Luxury	Condo	30	2008	Recent Approval - 30-story -full floor units
9	Luxury Residences At Ritz Carlton	Penn Square At South 15th St	New Luxury	Condo	250	2008	Overlooking City Hall & interconnecting with Ritz Carlton Hotel
10	Opus Tower	N/E/C of Market & 19th St.	New Luxury	Condo	325	TBA	Early stages of development
11	The Murano	N/W/C of Market & 21st Streets	New Luxury	Condo	302	TBA	Early stages of development
12	Trump Tower Phila.	Delaware River at Spring Garden St	New Luxury	Condo	250	TBA	Opposite Waterfront Square
13	Marina View Towers	Columbus Blvd. at Ben Franklin Bridge	New Luxury	Condo	182	TBA	Opposite Waterfront Square
14	The Mandeveille	Schuylkill River bet Walnut Chestnut Sts.	New Luxury	Condo	44	N.A.	45-story luxury facility-full floor units
15	Barne's Tower - Best Western Site	Pennsylvania Ave at North 22nd St	New Luxury	Condo	290	N.A.	Major community opposition to 45 story project
16		Pier 40 North & Pier 24 South	New Luxury	Condo	350	N.A.	Same Developer As Marin View Tower
17		N/E/C of Chestnut & South15th Sts.	New Luxury	Condo	446	N.A.	Prolonged litigation with Adjoining Ritz Carlton Project
18	World Trade Center	N. Columbus at Spring Garden St.	Proposed	Both	358	N.A.	
19	Union Site	Delaware River south of Walnut	Proposed	Both	1,200	N.A.	3 high rise towers - rental & condo
	Grand Total				6,396		
	Exclusive of Subject Property As Envisioned		Proposed	Condo	3,735		

Market research by Cushman & Wakefield of Pennsylvania, Inc.

Occupancy (Rentals)

Overall occupancies are considered to be in the range of 94% to 97%+/- based on our market research of the multi-family housing stock in the neighborhoods of the City of Philadelphia and the surrounding communities within suburban Philadelphia. The economic recession of the early 1990s put upward pressure on vacancy rates (7.5% in C.Y. 1991), however, the sustained economic expansion during the late 1990s created a brisk demand for affordable well maintained housing.

Overall vacancy rates through C.Y. 2001 were at their lowest levels in decades (2.0% to 3.0%) while rental rates were upwardly trending at rates well in excess of inflation. Nonetheless, vacancies have trended higher within both Center City and the suburban markets over the past several years.

The increase within the city and suburban markets has typically occurred within those areas which experienced the most extensive luxury development activity. The trend toward home and condominium ownership was also a factor affecting the residential rental market within both city and suburban markets.

The trend to condominium ownership was initially reducing the pool of eligible tenants for the inventory of rental buildings. Thus, occupancy levels were strained as shorter term leases and high tenant turnover were evident.

The imbalance of supply and demand is, however, correcting itself through the conversion of the existing rental facilities to condominium ownership. The conversion activity is actively occurring within those projects of the past 5 years which were originally designed for rental. Thus, this redeployment has been favorably affecting current occupany levels through a reduced inventory of quality rental assets.

Historical statistics on availabilities are unavailable for Center City Philadelphia, however, it is generally acknowledged that availabilities were relatively nominal (2% to 3%+/-) through C.Y. 2001. The overall rate of availability has likely trended higher, however, market participants still consider the overall rate of availability to be in the range of 5%+/-.

Delta Associates, in its latest published sampling of Class A projects, reports an overall vacancy as of March 31, 2006 of 8.2% within Center City Philadelphia, increasing to 10.3% within the suburban Pennsylvania counties and 10.5% for the metropolitan region. This reported estimate includes all new projects still being actively marketed, but not having achieved a stabilized occupancy.

The published report further reflects the following vacancy rates which exclude those new projects still being actively marketed. The reported vacancy rates equate to 3.9% within Center City Philadelphia, increasing to 4.3% within the suburban Pennsylvania counties and 3.7% for the metropolitan region.

Rental Rates

Current rental rates reflect a wide range based on a location, unit size, condition and building/unit amenities. The highest rentals are typically evident within the area of South Broad Street and Rittenhouse Square. Rittenhouse Square has historically been and continues to be the premier residential location within Center City Philadelphia.

The monthly rents within Center City for efficiency units are currently in the range of $1,100+/- per month, increasing to $1,300+/- per month for a 1-bedroom unit, $1,600+/- per month for a 2-

bedroom unit and $2,000+/- per month for a 3-bedroom unit. Further, the monthly unit rents typically range from $1.75 to $2.75 per square foot on a monthly basis.

The highest average monthly rental rates outside Center City are evident within Montgomery, Chester and Bucks Counties within Suburban Philadelphia and within Burlington County, New Jersey. Similar units currently range from $450 to $2,000 per unit within the aforementioned suburban counties. Rental rates are typically higher within the suburban counties, as compared with North, South and Northeast Philadelphia, due in part to a city income tax which directly affects rental levels.

During the 1990s the residential market was in a state of relative market equilibrium as profit margins were stable as the growth in rental rates was generally consistent with increases in expenses. Market conditions favorable to the landlord subsequently became evident between C.Y.'s 1998 and 2001 as rental rates increased by 5% to 15% per year throughout Center City and from 3% to 10% per year throughout the suburban areas. Upwardly trending local, regional and national economies were major factors in these growth rates.

Conversations with developer's, owners and lenders now reveals, however, that the above average increases have declined over the past 3+ years due to the extensive development activity and trend towards home and condominium ownership. Nonetheless, our market research reveals that monthly rentals are currently trending at a level generally consistent with the rate of inflation. The reduction in inventory through condominium conversion is offsetting the reduced pool of eligible renters.

It is noted that free rent of up to 2+/- months free rent has become evident within those suburban markets which experienced the most extensive development activity. Free rent is not, however, evident within Center City Philadelphia.

Condominium Unit Values

Our market research reveals that unit prices fluctuated within a relatively narrow range during the 1980s and 1990s with a level of appreciation below the general rate of inflation.

Unit prices were typically highest ($300 to $500 per square foot) for 1- to 3-bedroom units within the existing inventory of pre-war and modern 1970s-1980s luxury buildings within Rittenhouse Square. This is consistent with market perceptions that Rittenhouse Square represented the premier location for rental and ownership.

Unit prices similarly declined preceding away from Rittenhouse Square. This lower tier pricing typically ranged from $150 to $300 per square foot depending on location and the dynamics of the unit/project.

It is noted that our historical search reflected a relatively "thin" level of sales activity for an established urban residential market. This "thin" level of sales activity further indicated its prevalence as a rental market. The general rule of thumb during this period was to rent within Center City, but to own within the suburbs.

The signs of an emerging trend towards condominium ownership became evident during circa C.Y. 2003 as the changing demographics of the empty nesters and young professionals were quickly absorbing any available inventory. Conversely, the demand for luxury rentals was tepid as market dynamics reflected dual pressures on both occupancy rates and market rents.

This trend has continued over the past 3+ years as new development is specifically being targeted for condominium ownership. This trend has correspondingly resulted in upwardly trending unit prices at rates of growth well above inflation. Our market research further reveals

that overall unit prices have virtually "doubled" over the past 5+ years. This increase is attributed to sustained demand coupled with the rising costs of development.

The unit prices continue to be highest ($650 to $950 per square foot) within the new luxury projects within Rittenhouse Square. The current pricing level trends marginally downward to the range of $500 to $700 per square foot for the other luxury projects situated throughout Center City. It appears that market perceptions continue to regard Rittenhouse Square as the premier location, however, market acceptance is also recognizing these alternative areas.

It is noted that the aforementioned reflects pre-completion pricing of luxury projects currently in the advanced stages of development. Published reports indicate that developers/lenders have been seriously attempting to curtail speculative "flipping", however, the impact, if any, of this speculation will likely be experienced within both sales and rental markets over the next 1 to 2 years.

Common area charges for the operation of a residential condominium, exclusive of real estate taxes, currently range from $0.40 to $0.60 per square foot per month which further equate to $5.00 to $7.00+/- per square foot on an annualized basis. The upper end of the range is reflective of both smaller buildings with high labor costs and larger higher quality buildings.

The common area charge is not considered to be a source of profit, but rather a direct pass-through of the operating costs of a residential property. The aforementioned costs are considered to be consistent with the cost of operating an elevatored residential building within Center City Philadelphia.

The relationship of the rental market to condominium market is generally regarded to be in equilibrium when the monthly rent provides a reasonable return on the cost of acquisition. Current market perceptions report a significant disparity (50% to 100%) since the current costs of acquisition would require a corresponding monthly rental of $3.00 to $4.00 per square foot per month. Market statistics indicates that unit rentals are currently in the range of $2.00 per square foot per month.

Consequently, it would appear that the trend toward condominium ownership will likely continue through owner occupancy, however, speculative activity has the potential for "crippling" both the condominium and rental segments of this growing residential market. This crippling can occur through rising interest rates, fluctuations in the local economy and downtrend pressures on current pricing.

Conclusions

The residential market within Center City Philadelphia has reflected upwardly trending market conditions over the past decade concomitant with its emergence as the third largest "24 hour urban city" with the United States. This long tem trend is projected to continue through sustained regional and national economic growth, a rising middle to upper middle income population, and the on-going availability of financing and governmental incentives. Nonetheless, undue speculative activity has the potential for ending this upwardly trending market.

GREATER PHILADELPHIA, PA. METROPOLITAN OFFICE MARKET

The Greater Philadelphia, Pennsylvania Metropolitan Area office market is comprised of 12 sub-markets within the City of Philadelphia and the suburban counties of Bucks, Chester, Delaware, Montgomery in Pennsylvania and Burlington and Camden in New Jersey.

The subject property is located within the West of Broad office sub-market within the Center City Philadelphia office market.

The following section provides a brief overview of the Greater Philadelphia, Pennsylvania Metropolitan Area office market followed by a detailed analysis of the Center City office market. Our overview is primarily based on market research compiled by the local office of Cushman & Wakefield of Pennsylvania, Inc. as of March 31, 2006.

Office Market – Greater Philadelphia, Pennsylvania Metropolitan Area

The current inventory of the Greater Philadelphia, Pennsylvania Metropolitan Area office market contains 109.9+/- million square feet of rentable area within 1,264+/- buildings, of which 37.5% (41.037+/- million square feet, 124 buildings) is concentrated within Center City Philadelphia and 62.5% (68.289+/- million square feet, 1,140 buildings) is concentrated in the suburban markets.

The Center City market is comprised of 2 sub-markets: East of Broad Street and West of Broad Street.

The suburban Philadelphia Pennsylvania office market is comprised of 8 sub-markets which have effectively developed since the late 1960s: Bala Cynwyd, Route 202 South, Plymouth Meeting/Blue Bell, Main Line, Conshohocken, Horsham/Willow Grove, King of Prussia and South Bucks County.

The King of Prussia office sub-market is the largest sub-market within the suburban Pennsylvania market and the second largest within the region (16.29+/- million square feet). Its inventory is primarily concentrated in proximity of State Route 202 between I-76 and I-276 to the east and State Route 29 to the west.

The suburban New Jersey office sub-market is contained within the City of Camden and 28 boroughs and townships within Burlington and Camden Counties in proximity of the interstate highway system. The existing inventory is primarily located within the townships of Evesham (Marlton) and Mount Laurel within Burlington County and Cherry Hill within Camden County.

Prior to the 1980s the inventory was primarily concentrated within Center City, however, since the late 1980s the inventory has become concentrated within the suburban markets. This transition has occurred due to the higher operating costs and reliance on mass transportation within Center City as compared with improved roads/highway and the prospects of a lower cost environment within the suburban markets.

OFFICE MARKET STATISTICS

GREATER PHILADELPHIA, PENNSYLVANIA METROPOLITAN AREA

C.Y.E	1990	1992	1994	1996	1998	2000	2002	2003	2004	2005	1st/2006
INVENTORY (Sq. Ft.)											
Center City C B D	37,577,965	38,796,496	40,220,370	39,641,038	38,895,766	36,842,622	38,373,187	39,838,205	40,603,534	41,063 102	41,037,619
(1) Suburban Philadelphia	26,597,924	27,736,127	29,558,289	29,835,183	37,388 662	38,506,200	49,783 960	52,861,882	54,209,757	55,309 392	54,939,261
(1) Suburban So. N.J	11,540,803	11,910,950	9,528,722	9,371,101	9 890,451	10,452,624	11,232,004	12,203,414	12,936,833	13,576,845	13,349,862
Total Philadelphia, Pa. M S A	75,716,692	78,443,573	79,307,381	78,847,322	86,174,879	85,801,446	99,389,151	104 903,501	107,750,124	109,949,339	109,326,742
INVENTORY (As a %)											
Center City C B.D.	49 6%	49.5%	50.7%	50.3%	45.1%	42 9%	38 6%	38.0%	37 7%	37 3%	37 5%
Suburban Philadelphia	35.1%	35.4%	37 3%	37 8%	43 4%	44 9%	50 1%	50.4%	50 3%	50 3%	50.3%
Suburban So. N.J.	15 2%	15.2%	12.0%	11.9%	11.5%	12 2%	11 3%	11.6%	12 0%	12 3%	12.2%
Total Suburban Philadelphia	50 4%	50.5%	49 3%	49.7%	54 9%	57 1%	61 4%	62 0%	62 3%	62 7%	62 5%
Total Philadelphia, Pa M S A	100 0%	100 0%	100.0%	100 0%	100 0%	100 0%	100 0%	100 0%	100 0%	100 0%	100 0%
SPECULATIVE CONSTRUCTION (SQ. FT.) -YTD. COMPLETIONS											
Center City C.B D	3,579,000	945,000	0	0	0	0	0	0	0	727,725	0
Suburban Philadelphia	2,097,148	405 858	0	0	664,809	2,108,720	2,106,169	975 826	428,000	192,176	0
Suburban So N J	328,500	0	0	0	0	177,000	0	159 384	272,192	192,000	0
Total Philadelphia, Pa M S A.	6,004,648	1,350,858	0	0	664,809	2,285,720	2,106 169	1,135,210	700,192	1,111,901	0
OVERALL AVAILABILITIES (Sq. Ft.)											
Center City C B.D	4,765,584	6,993,014	7,256,014	5,843,743	5 325,204	3,307 125	5,108 968	5,542,615	6,966,849	6,397 373	6,388,412
Suburban Philadelphia	5,432,313	5 299,543	4,813,833	2,702,149	3,442,685	4,398 802	10,386,764	13 925 037	12,572,130	11,463,456	11,091,407
Suburban So. N.J.	2,609,320	2,805,731	1,964,518	1,542,952	1,197,196	1,631,621	1,091,089	1,341,584	1,933,333	1,856,153	1,883,978
Total Philadelphia, Pa. M S.A	12,807,217	15,098,288	14,034,365	10,088,844	9 965,085	9,337 548	16,586,821	20,809,236	21,472,312	19,716,982	19,363,797
AVAILABILITIES (% of Mkt.)											
Center City C B.D	12 7%	18.0%	18 0%	14 7%	13 7%	9 0%	13 3%	13 9%	17 2%	15 6%	15 6%
Suburban Philadelphia	20.4%	19.1%	16.3%	9.1%	9.2%	11 4%	20 9%	26.3%	23 2%	20 7%	20.2%
Suburban So N.J	22.6%	23.6%	20.6%	16.5%	12.1%	15 6%	9.7%	11.0%	14.9%	13.7%	14.1%
Total Philadelphia, Pa. M S A.	16.9%	19.2%	17.7%	12.8%	11 6%	10 9%	16 7%	19.8%	19 9%	17.9%	17.7%
LEASING ACTIVITY (NEW & RENEWAL)						(2)					
Center City C B D	2,325,000	1,780,163	1,727,023	2,249,271	2 105,552	N A	1,896 745	1,228,986	2,590,306	3,729 394	668 295
Suburban Philadelphia	3,119,539	2,642,165	2,507,607	2,523,576	2,124,101	N A.	4,060,109	2,856,102	4,221,412	5,152,627	1,906,808
Suburban So N.J.	1,199,142	1,241,750	971,799	593,594	677,115	N.A.	1,275,752	931,975	757,768	263,790	245,381
Total Philadelphia, Pa. M S A	6,643,681	5,664,078	5,206,429	5,366,441	4,906 768	N.A.	7,232,606	5,017,063	7,569,486	9,145,811	2,820,484
NET ABSORPTION (Sq. Ft.): (negative number = negative net absorption; positive number = positive net absorption)											
Center City C B.D	-1,512,660	-1,621,254	-295,739	500,855	-219,250	1,157,159	-172,871	-433,647	-1,424,234	569,476	8,961
Suburban Philadelphia	-1,171,556	-1,793	250,188	1,800,227	-668,398	-716 004	-2,768,245	-3,538 273	1,352,907	1,108 674	372,049
Suburban So N J	-240,084	244 072	821,897	407,201	318,259	-156,648	617,809	-250,495	-591,749	77,180	-27,825
Total Philadelphia, Pa. M S A.	-2,924,300	-1,378 975	776,346	2,708,283	-569,389	284,507	-2,323,307	-4,222 415	-663,076	1,755 330	353,185

(1) Reclassification as a result of a system audit

(2) Not available due to implementation of new tracking system

Market research by Cushman & Wakefield of Pennsylvania, Inc.

The record high availability rates of the early 1990s (19.2% as of 1992) within the Greater Philadelphia office market region were due to the addition of 32.0 million square feet of new office space. This new development, which equated to 40%+/- of the total market, was effectively constructed during the late 1980's/early 1990s.

New construction activity virtually ended subsequent to C.Y. 1992 as record high availabilities, undercapitalized financial conditions and the banking crisis of the early 1990s lead to extensive foreclosure and restructuring activities. New development remained effectively dormant through C.Y. 1996 as the excesses of the previous cycle were absorbed and the employment base began a slow sustained rate of growth. This rate of growth occurred concomitant with expanding regional, national and international economies.

The cyclical nature of real estate once again became clearly evident as new construction began during C.Y. 1997, subsequently gaining momentum along with the record economic expansion of the late 1990s. As such, new construction totaling 9.78+ million square feet was added between January, 1997 and December, 2003 with 96.3% (9.42+/- million square feet) of the new construction occurring within the suburban counties of Pennsylvania. It is noted that this

construction activity also includes the conversion of former industrial/warehouse facilities into quality commercial office space.

Our market research reveals that new construction activity over this 7 year period averaged 1.4+/- million square feet per year. This level of activity was considered to be generally consistent with the level of new construction (1.5+/- million square feet) during the last expansion cycle. It is noted, however, that the most extensive development activity was occurring as the record economic expansion was ending which is typical with the cyclical nature of real estate.

Development activity over the aforementioned 7+/- year period occurred primarily within the King of Prussia/Valley Forge, Conshohocken, Plymouth Meeting/Blue Bell/Fort Washington, Horsham/Willow Grove/Jenkintown, Southern Route 202 and Southern Bucks County sub-markets of Suburban Philadelphia.

New construction activity has, however, diminished significantly from the expansion years of C.Y. 2000-2002 (2.015+/- million square feet per year) as the market absorbs the excesses of the past expansion cycle. Marginal growth in the employment base, despite sustained regional and national economic growth, coupled with a scarcity of development financing for a speculative project have been major factors restricting new development.

Our market research further reports an additional 1,111,901+/- square feet of new space was completed through December 31, 2005 of which 384,176+/- square feet is equally situated within the suburban sub-markets within southern New Jersey and Pennsylvania.

The balance (727,725+/- square feet) represents the December, 2005 completion of Cira Centre within the University City section of the City of Philadelphia and overlooking 30th Street Station. This project has been developed under extensive governmental subsidies through the city and state (further discussion follows).

Our market research further reports that new construction projected to be completed during C.Y. 2006 will total 15 buildings and encompass 1.2+/- million square feet. This development activity will be occurring exclusively within the suburban sub-markets.

Suburban development activity has been occurring primarily within the King of Prussia/Valley Forge, Conshohocken, Plymouth Meeting/Blue Bell/Fort Washington, Horsham/Willow Grove/Jenkintown, Southern Route 202 and Southern Bucks County sub-markets of Suburban Philadelphia. Development has occurred within these sub-market due to the availability of land for buildings with larger floor plates. Improved roads and access to the interstate highway system have also been major factors in the aforementioned development.

The cyclical nature of real estate is clearly evident within today's market. The historical availability rate for the Philadelphia region had been upwardly trending from 1985 to 1992, subsequently reaching a then record 18.8%-19.2% in 1992-1993. Improving market conditions and 5.5+ million square feet of positive net absorption between 1994 and 2000 lead to a downward trend in the overall availability rate.

The availability rate had, however, trended sharply higher to a near record level (19.9%) between the Third Quarter of C.Y. 2001 through C.Y.E. 2004 with the most extensive availabilities evident within Suburban Philadelphia (23%+/-). The severe increase was attributed to the aforementioned suburban development coupled with a reduced market demand. The reduced market demand was attributed to the business consolidations and mergers attributed to the national recession of C.Y. 2000-2001 followed by an economic recovery without a corresponding growth in employment.

The signs of improving market conditions are, however, currently evident during C.Y. 2005 to date as availabilities with the city and suburban markets trended downward through increasing market demand and 2.1+/- million square feet in positive net absorption. This emerging trend appears to be occurring concomitant with sustained national and regional economic growth coupled with a renewed growth in regional employment.

Office Market - Center City Philadelphia

Center City Philadelphia contains 2 recognized office sub-markets: East of Broad Street and West of Broad Street.

The East of Broad Street office sub-market is primarily situated along Market and Chestnut Streets, west of 6th Street, and the area surrounding the Independence Hall National Park. The West of Broad Street office sub-market is concentrated along Market Street and J.F.K. Boulevard, between Broad and 20th Streets.

Market Supply

The existing inventory by property class is summarized as follows. Please note that the historical inventory is presented in a comprehensive compilation presented within the following section on *Availabilities and Net Absorption.*

CENTER CITY OFFICE MARKET SUMMARY - INVENTORY

First Quarter (Marc h 31st) of C.Y. 2006

	EAST OF BROAD STREET			WEST OF BROAD STREET			CENTER CITY		
	No. Bldgs.	Rentable Area (Sq. Ft.)	As a % of Total	No. Bldgs.	Rentable Area (Sq. Ft.)	As a % of Total	No. Bldgs.	Rentable Area (Sq. Ft.)	As a % of Total
Class A	9	4,915,944	12.0%	36	22,419,308	54.6%	45	27,335,252	66.6%
Class B	20	5,600,610	13.6%	31	5,493,122	13.4%	51	11,093,732	27.0%
Class C	19	1,668,757	4.1%	9	939,878	2.3%	28	2,608,635	6.4%
Total Rentable Area	48	12,185,311	29.7%	76	28,852,308	70.3%	124	41,037,619	100.0%
Speculative Construction		0		(1)	1,254,500			1,254,500	

Exclusive of Cira Center (727,725 sq.ft.) situated within University City which was officially opened in December, 2005

Compiled by Cushman & Wakefield of Pennsylvania, Inc.

There is currently 41.037± million square feet of commercial office space within 124 buildings within Center City. The existing inventory is primarily concentrated within the West of Broad Street sub-market which contains 70.3% (28.85+/- million square feet) of the total inventory of Center City. In addition, this inventory is primarily concentrated within Class A space which accounts for 22.4 million square feet and 54.6%+/- of the total inventory of Center City.

Historical Development Activity

The office market of Center City Philadelphia was primarily developed during 3 periods, 1910-1930, 1955-1970 and 1980-1990. These cycles generally paralleled the periods of strong economic growth within the region and nation. The East of Broad sub-market contains the highest concentration of commercial office buildings constructed prior to 1930. Conversely, the West of Broad sub-market contains the largest concentration of high rise (20+ stories) modern office buildings constructed after 1980 with large contiguous floor plates (20,000 to 30,000 square feet).

South Broad Street was historically recognized as the financial and legal center for Center City Philadelphia and the region prior to the 1980s. However, market activity subsequently shifted to Market Street, between Broad and 20th Streets, with the development of modern state of the art commercial office buildings constructed with large contiguous floor plates and state-of-the art building systems.

Additions To Supply

The cyclical nature of real estate is still clearly evident as speculative construction is not evident within Center City Philadelphia as future office development is projected to be severely restricted as compared with the preceding decades.

Although speculative construction has not occurred over the past 14+ years, Liberty Property Trust developed a 215,000 square foot build-to-suit office building (Three Franklin Plaza) for Glaxo SmithKline during C.Y. 1999. The property is located at Vine and North 16th Streets in the West of Broad Street sub-market. In addition, a 9-story office building (150,000 square feet) was developed at Race and 6th Streets for owner occupancy by American College of Physicians. This property is situated within the East of Broad Street office sub-market.

In addition, several existing commercial buildings were renovated and modernized during the late 1990s for continued office use. Six Penn Center (1701 Market Street, 322,317 square feet) was completely renovated during C.Y. 1998/1999 for the law firm Morgan, Lewis & Bockius which leased 322,317 square feet under a long term lease. In addition, One South Broad Street, the Widener Building at Penn Square South, 833 Chestnut Street, United Plaza at 30 South 17th Street and 3 Benjamin Franklin Parkway at 1601 Cherry Street are conveniently located quality commercial office buildings which have also undergone extensive renovations and modernizations over the past several years.

Four Penn Center was acquired 100% vacant in December, 1999 by Leggett & McCall of Boston, Massachusetts for a speculative renovation. 4 Penn Center is a 20-story office building constructed in the late 1950s containing 524,462 square feet at 1600 J.F.K. Boulevard. The building, which contained asbestos, was completely renovated and reintroduced to the market in mid- year of C.Y. 2001.

Market sources indicated that a market rent of $25.00 to $27.00 per square foot was projected for Four Penn Center, however, limited leasing activity was evident through December, 2001. The general consensus was that the project was overpriced and that the developers failed to recognize changing market conditions.

Leasing activity (92%+) was evident ($19.00 to $21.00 per square foot) during C.Y. 2002, C.Y. 2003 and C.Y. 2004, however, this activity was occurring with extensive free rent (up to 1 year) and first generation tenant workletters ($30.00 to $50.00 per square foot).

It is noted that Four Penn Center represents a recent sale in March, 2005 and subsequent re-sale in April, 2006 to foreign investment groups.

A condominium interest in the upper floors (Nos. 7-13, 368,000+/- square feet) of the Strawbridge & Clothier department store building at 801 Market Street was acquired during the 4th Quarter of C.Y. 2000 by a local suburban developer for conversion into modern commercial and/or telecommunications space. The lower floors of this landmark building are currently in use as department store, however, the upper floor office had been vacant since the acquisition of the department store by the Mays Company in 1996.

Two 10-year leases encompassing 275,000+/- square feet were implemented during C.Y. 2002 with the General Services Administration of the U.S. Government and Citizens Bank. The

government relocated to its new space from facilities within the Wanamaker Building (former department store building) at Market and 12th Streets. The lease with Citizens Bank represented the opening of a new operations center. A 10-year lease for the remaining 61,000+/- square feet was negotiated in August, 2003 with Community Behavioral Health.

A vacant 26-story Class B/C office building at 1428 Chestnut Street (300,000+/- square feet) was extensively renovated during C.Y. 2002 and C.Y. 2003 into a modern mixed-use office and residential building. The office component (150,000+/- square feet) was renovated under a 15-year market oriented lease, dated October, 2002, for the Public Defenders Office.

The Public Defenders Office had previously occupied space within a 1950s building at 1700 Arch Street which was razed for the envisioned Liberty Property Trust development project. The balance within 1426 Chestnut Street (150,000+/- square feet) was renovated into (153) luxury 1- and 2-bedroom apartments which were initially offered on a rental basis, but which are now being offered for condominium ownership. The residential component was introduced beginning in June, 2003 with strong market acceptance.

Lastly, the upper 3 floors within a former J.C. Penny department store (375,000+/- square feet) within the Gallery At Market East were converted to commercial office space during C.Y.'s 2004 and 2005 by Vornado Realty Trust. The Gallery At Market East, as discussed, is an enclosed multi-level urban regional mall (1.2+/- million square feet) interconnecting within the Pennsylvania Convention Center and the Market Street East Transportation Center. The office component is reported to be 77%+/- occupied primarily by governmental and non-profit organizations.

The well publicized growth in the high technology telecommunications and internet industries had given several former industrial buildings a renewed economic life as state-of-the-art telecommunications facilities. This event primarily occurred at the junction of North Broad and Callowhill Streets, north of the Vine Street Expressway, due to 3 primary factors: (1) its proximity to 40+ underground fiber optic telecommunications lines; (2) the dynamics of the existing floor areas, (floor capacity and ceiling heights); and (3) accessibility to large amounts of electricity due the area's former industrial use.

There is currently an inventory of 4+/- million square feet of telecommunications space due to the conversions (2+/- million square feet) during C.Y. 2000 of the former industrial buildings at 440 North Broad Street, 1309 Noble Street and 1500 Spring Garden Street. However, this space has been primarily vacant over the past 4+ years due to the well publicized bankruptcies, mergers and consolidations within the telecommunications and high technology industries.

The building at 1500 Spring Garden Street is currently being offered as industrial/warehouse and/or back office space. Published reports indicate that Independence Blue Cross/Blue Shield and Beacon Insurance have each leased 50,000+/- square feet for administrative back office space. Published reports indicate that during C.Y. 2005 the Philadelphia School District acquired 440 North Broad Street as its central headquarters.

Please note that the aforementioned inventory of telecommunication space not classified as an office property by Cushman & Wakefield of Pennsylvania, Inc. is not included within its office market statistics.

Unsubsidized speculative development has not been evident within Center City Philadelphia, however, speculative <u>subsidized</u> development has been evident through the development of the Port of Technology Building at 3701 Market Street within the University City section in West Philadelphia.

University City is situated on the west bank of the Schuylkill River and encompasses the main campuses of the University of Pennsylvania and Drexel University along with 30th Street Station and the University City Science Center.

The University City Science Center in partnership with the Townsend Group developed an 8-story high-tech office and R & D building containing 168,000 square feet. Completion of the "shell" occurred in June, 2001 with the project reported to be fully stabilized within the first 3 months of C.Y. 2003. The project was developed with grants from the City and favorable future income and property tax considerations as part of a Keystone Opportunity Zone.

Current Development Activity

Unsubsidized development activity is not currently evident within the Center City Philadelphia office market, however, subsidized development is currently evident within both the University City and Center City areas. The subsidized activity within University City is first addressed followed by the activity within Center City.

University City: Brandywine Realty Trust (N.Y.S.E.) began development during C.Y. 2004 of a 28-story tower (Cira Centre) containing 727,725+/- square feet above the rail tracks adjacent to 30th Street Station. The development is situated within a Keystone Opportunity Zone which provides significant inducement to lease as certain local and state income and property taxes are waived for a specified period of time (10 to 15 +/- years).

The developer initially projected that the proximity of its project to 30th Street Station would create a drawing power for corporations situated along the northeast corridor from Boston to Washington D.C. This was not the case since two major law firms (Dechert, L.L.P. and Woodcock Washburn, L.L.P.) within Center City Center and a major law firm within the Valley Forge/King of Prussia (Riga Rocco, Esq.) are reported to be the major tenants within this facility. A major impetus to these law firms is that the partners will be entitled to very generous financial benefits from this state program.

In addition to the 3 law firms, an investment firm (Attalus Capital), the North American corporate headquarters of a Sweden based international manufacturer of hygiene products (SCA) will be relocating to this new facility from suburban Bala Cynwyd and Eddystone, Delaware County, Pa., respectively. In addition, Black Rock Financial Management, an investment subsidiary of PNC Corp, will be opening an office (8,500+/- square feet) under a multi-year lease. To date 94.7%+/- (689,155+/- square feet) has been pre-leased to date. Completion is reported to have occurred during December, 2005 with the Dechert law firm reported to have moved-in.

Center City: During C.Y. 2004, there were 2 prospective projects within Center City Philadelphia which had been actively pursuing designation as a Keystone Opportunity Zone through the state legislature and city government.

Project No. 1

Project No. 1 was a potential build-to-suit (125,000 to 440,000+/- square feet) for Towers Perrin on a site at Arch and North 15th Street. This project was being pursued through a joint venture with the tax exempt Philadelphia Parking Authority and the Oliver Tyrone Pulver Company.

Oliver Tyrone Pulver is a successful commercial office development company with extensive holdings within the Conshohocken office sub-market within Suburban Philadelphia, Pa. The project effectively faded from the media during the 3rd quarter of C.Y. 2004 when Towers Perrin renewed its lease within Center Square at 1500 Market Street.

The project briefly re-emerged during C.Y. 2006 with the local television affiliate (KYW) of CBS/Viacom projected to be the major tenant under a multi-year lease. The project as envisioned would be a modern Class A headquarters and production facility. Further, it was projected to occur without the K.O.Z. designation, but with the standard 10-year city abatement incentive.

Our market research reveals, however, that the negotiations stalled when a higher rental rate was required in order to attract financing. The higher rental rate was required since the prospective lease obligation would not be guaranteed by the parent company (Viacom).

The negotiations effectively ended during the first quarter of C.Y. 2006 as KYW announced it intention of relocating to a failed state-of-the-art telecom building at 1500 Spring Garden Street. This building is currently being offered as industrial/warehouse and/or back office space.

Project No. 2

Project No. 2 is the well publicized proposed development of the Comcast Center by Liberty Property Trust. The project has been in the stages of planning and design since C.Y. 2000.

The project will be comprised of (2) high rise Class A office building containing a grand total of 1.5 million+ square feet. The complex, which will be interconnecting with Suburban Station, will encompass the blockfront bounded by J.F.K. Boulevard and Arch Street, between North 17th and 18th Streets.

The developer consistently indicated that construction would not begin until an anchor lease was signed (50%+). Market consensus was that the project would likely be pre-leased to Comcast Communications (750,000+/- square feet) and a major Center City law firm. Comcast Communications (N.Y.S.E.) is the fastest growing company in Philadelphia and one of the fastest growing communications/cable television companies within the nation.

Comcast had initially delayed making a commitment due to its well publicized acquisition of the cable television operations of AT&T during December, 2002. Published newspaper reports indicated that all real estate decisions would be delayed for at least 2 years pending the successful integration of the two companies. The future corporate headquarters of the consolidated companies was, however, projected to be Center City Philadelphia.

Comcast, during this transition period, extended its lease (233,000+/- square feet) within its existing facilities for an additional 2 years through C.Y. 2008. The company has historically occupied a large block of space within Centre Square at 1500 Market Street (constructed 1974, Class A). Further, the company indicated that it might expand its presence within the existing facility if a physically and financially attractive alternative could not be found.

It was publicized during C.Y. 2004 that the Governor of Pennsylvania wanted to specifically designate this site as a Keystone Opportunity Zone with its extensive tax abatements. It was also reported that this designation was a major factor in obtaining a long term commitment from Comcast.

The state legislature effectively "tabled" this legislation, however, by ending its C.Y. 2004 legislative session without any action. As such, our market research reported that Comcast was seriously evaluating its options due to the fact that the aforementioned project could not be physically developed within its required time line if construction activities did not begin during the first quarter of C.Y. 2005.

The governor, in a dramatic fashion, announced during the first week of January, 2005 that the project could begin immediately through a long term lease with Comcast for 534,000+/- square

feet within a 57-story state-of-the-art Class A "trophy" commercial office building (1,254.4+/- million square feet) interconnecting with Suburban Station. The lease was subsequently expanded to 872,625+/- square feet. Completion is now projected to occur during the Fourth Quarter of C.Y. 2007.

The governor during this announcement concomitantly re-allocated $30 million in highway transportation funding to SEPTA (mass transportation) in order to expedite the commencement of site related work. In addition, the project was also considered to be eligible for the standard 10-year tax abatement from the City of Philadelphia. Lastly, the privately owned company selected to provide steam contributed an additional $300,000. The preceding incentives equate to an approximate value of $69+/- million based on our analysis.

Lastly, additional city and state incentives were also made contingent on the number of Comcast employees working within the center. These governmental incentives are typically available to all companies significantly increasing employment within Center City Philadelphia. Total company employment is projected to reach 4,000+/- over the next decade.

It is noted that commercial property owners were aggressively pursuing joint legal and political action for the purpose of either delaying or prohibiting any subsidized office development projects within Center City. The restructuring of the Comcast project effectively out maneuvered the opposition as the development of the Comcast Center began during March/April, 2005.

Future Development Activity

Future development activities are summarized as follows within the University City and Center City markets.

University City: The developer of Cira Centre (Brandywine Realty Trust (N.Y.S.E.) has indicated it desire to develop an additional 1+/- million square feet within the existing K.O.Z. Zone. This plan has developed due to the success of the Cira Centre.

A delay in development may occur, however, due to the pending re-development of the former U.S. Postal Facility (1.2+/- million) for the Internal Revenue Service by Brandywine Realty Trust. This redevelopment is projected to be handled by Brandywine Realty Trust on behalf of the University of Pennsylvania. Additional delays will likely occur due to serious constraints/congestion on the local access roads and the interstate highway system.

The University City Science Center is also engaged in development activity with a master plan calling for the development of up to 1+/- million square feet of office and research space along Market Street between 34th and 40th Streets. The master plan has been in effect for several years, however, the C.Y. 1999 designation of the existing vacant lots as within a Keystone Opportunity Zone has significantly improved chances for development. The Keystone Opportunity Zone, designated by the state, offers favorable developmental incentives including elimination of city and state income taxes and significantly reduced property taxes.

The University City Science Center is currently planning two additional projects for the northeast corner of Market and North 38th Streets. The two high-tech office and R & D buildings will contain a grand total of 355,000+/- square feet along with a multi-level parking garage. The project, which is projected to commence during the last 6 months of C.Y. 2006, is currently planned on a speculative basis. It is reported that construction of the second building will not commence until the first building has successfully attained market acceptance.

Center City: There is currently only a single project (400,000+/- square feet) proposed for development within the East of Broad sub-market in proximity of the Benjamin Franklin Bridge and Penn's Landing. This project has been available for the past 10+ years, however, it will

likely be altered to residential use in light of the extensive residential activities currently occurring within this area.

It is our opinion that development will not likely occur without governmental incentives and/or until market demand strengthens concomitant with an increase in achievable rents commensurate with the cost of development.

It is also our opinion, however, that the lasting perceptions of institutional lenders on the Center City Philadelphia office market will likely preclude the availability of financing for new development. This statement considers the fact that improved sale prices over the past 12+/- years ($125 to $230+/- per square foot) are still only a mere fraction of replacement cost.

Development costs have been trending higher from $300 per square foot during the late 1980s-early 1990s to current development costs of $400+/- per square foot. As such, this "disconnect" between the 2 tiered pricing will likely preclude development without the underlying security of a long term master lease with an investment grade tenant and/or with extensive governmental incentives.

It is also our opinion that development will not likely occur until market demand strengthens concomitant with an increase in achievable rents commensurate with the cost of development.

Availabilities and Absorption

The current and historical availabilities within the Center City office market are summarized as follows.

HISTORICAL INVENTORY, AVAILABILITIES & NET ABSORPTION
CENTER CITY PHILADELPHIA, PENNSYLVANIA

	INVENTORY							AVAILABILITIES (SQ.FT)					AVAILABILITIES (AS %)			NET ABSORPTION Negative indicates negative net absorption, Positive indicates positive net absorption				Indicated Cumulative Net Absorp Per Period
No	Period C Y E	East Of Broad (Sq Ft)	As %	West Of Broad (Sq Ft)	As %	Total (Sq Ft)	As %	East of Broad (Sq Ft)	As %	West of Broad (Sq Ft)	As %	Total (Sq Ft)	East Broad As a %	West Broad As a %	Total As a %	East (Sq Ft)	West (Sq Ft)	Cross (Sq Ft)	Total (Sq Ft)	(Sq Ft)
1	1985	N A	N A		N A	25,802,908	100 0%		N A		N A	2,086 030			8 1%	N A	N A			
2	1986	N A	N A		N A	28,686 221	100 0%		N A		N A	2,354 781			8 2%	N A	N A		-268 751	
3	1987	N A	N A		N A	32,426 761	100 0%		N A		N A	3,442 634			10 6%	N A	N A		-1,087,853	
4	1988	N A	N A		N A	32,865,539	100 0%		N A		N A	3,317,548			10 1%	N A	N A		125 086	
5	1989	N A	N A		N A,	34,380,965	100 0%		N A		N A	3,252,924			9 5%	N A	N A		64,624	
6	1990	N A	N A		N A	37,577 965	100 0%		N A		N A	4,765,584			12 7%	N A	N A		-1,512,660	
7	1991	N A	N A		N A	38,009,246	100 0%		N A		N A	5 371,760			14 1%	N A	N A		-606,176	
8	1992	N A	N A		N A	38,796,496	100.0%		N A		N A	6,993,014			18 0%	N A	N A		-1,621,254	
9	1993	N A	N A		N,A	38,646,112	100 0%		N A		N A	6,960.275			18 0%	N A	N A		32 739	
10	1994	11,828,307	29 4%	28,392,063	70 6%	40,220,370	100 0%	2,511 780	34 6%	4,744,234	85 4%	7,258,014	21 2%	18 7%	18 0%	N A	N,A		-295,739	
11	1995	12,003,543	29 7%	28,463.063	70.3%	40,466,606	100 0%	2,463,660	38 8%	3,880,938	61 2%	6,344,598	20 5%	13 6%	15 7%	48,120	863,296	911,416	911,416	
12	1996	11,648,214	29 4%	27,992,824	70 6%	39,641,038	100 0%	2,273.511	38 9%	3,570,232	61 1%	5,843,743	19 5%	12 8%	14 7%	190,149	310,706	500,655	500 855	
13	1997	11,045,871	28 6%	27,511,548	71 4%	38,557,419	100 0%	' 647,083	32 3%	3,458,871	87 7%	5,105.954	14 9%	12 6%	13.2%	626,426	111,361	737,789	737,789	
14	1998	11,243,445	28 9%	27,652,321	71.1%	38 895,766	100 0%	' 609 489	30 2%	3,715,715	69 8%	5,325,204	14 3%	13 4%	13 7%	37,594	-256,844	-219 250	-219 250	
15	1999	11,330,445	29 7%	26,766,339	70 3%	38,118,784	100 0%	' 911,861	42 8%	2,552,423	57 2%	4,464,284	16 9%	9 5%	11 7%	-302,372	1,163 292	860,920	860,920	
16	2000	11,288,445	30 6%	25,554.177	69 4%	36,842,622	100 0%	' 421,255	43 0%	1,865,870	57 0%	3,307,125	12 6%	7 4%	9 0%	490,606	666 553	1.157 159	1 157 159	
17	2001	11,235,747	29 5%	26,870.411	70 5%	38,106,158	100 0%	'.568,137	31 8%	3,367 960	68 2%	4,936.097	14 0%	12 5%	13 0%	-146,862	-1,482,090	-1,628 972	-1,628 972	
18	2002	11,625,674	30 3%	26,747,513	69 7%	38,373,167	100 0%	1,749,254	34 2%	3,359,714	65 8%	5,106,968	15 0%	12 6%	13.3%	-181,117	8 246	-172,871	-172 871	
19	2003	12,712,024	31 9%	27,126,181	68 1%	39,838,205	100 0%	1,629,507	29 4%	3,913,106	70 6%	5,542,615	12 8%	14 4%	13 9%	119,747	-553,394	-433 647	-433 647	
20	2004	11,984,748	29 5%	28,618,786	70 5%	40,603,534	100 0%	1 042,295	15 0%	5,924,554	85 0%	6,966,849	8 7%	20 7%	17 2%	587,212	-2,011,446	-1,424,234	-1,424,234	
21	2005	11,998.300	29 2%	29,064,802	70.8%	41,063,102	100 0%	1 474 298	23 0%	4,923,075	77 0%	6,397,373	12 3%	16 9%	15 6%	-432,003	1,001 479	569,476	569,476	
21 25	2006 1st Qtr	12,185,311	29 7%	28 852,308	70 3%	41,037,619	100 0%	1,499,000	23 5%	4,889,412	76 5%	6,388,412	12 3%	18 9%	15 6%	-24,702	33,663	8,961	8,961	
															Periods					
												Cumulative Net Absorption 1/86-12/94)			9				-5,169,984	-574,443
												Cumulative Net Absorption 1/95-12/00)			6	1,090,525	2,858,364	3,948,889	3,948,689	658,146
												Cumulative Net Absorption 1/01-12/04)			4	378,960	-4,038,684	-3 859 724	-3,659,724	-914 931
												Cumulative Net Absorption C Y 2005- To Date			1 25	-456,705	1 035,142	578,437	578 437	462,750

Compiled by Cushman & Wakefield of Pennsylvania, Inc

CUSHMAN & WAKEFIELD.

CENTER CITY OFFICE MARKET SUMMARY - AVAILABILITIES (1)
First Quarter (Marc h 31st) of C.Y. 2006

	EAST OF BROAD ST.		WEST OF BROAD ST.		TOTAL	
DIRECT	Rentable Area (Sq. Ft.)	As a % Of Total	Rentable Area (Sq. Ft.)	As a % Of Total	Rentable Area (Sq. Ft.)	As a % Of Total
Class A	477,215	9.7%	2,971,600	13.3%	3,448,815	12.6%
Class B	622,937	11.1%	1,276,296	23.2%	1,899,233	17.1%
Class C	238,638	14.3%	98,393	10.5%	337,031	12.9%
Total Rentable Area	1,338,790	11.0%	4,346,289	15.1%	5,685,079	13.9%
SUB-LEASE						
Class A	8,960	0.2%	517,685	2.3%	526,645	1.9%
Class B	140,000	2.5%	25,438	0.5%	165,438	1.5%
Class C	11,250	0.7%	0	0.0%	11,250	0.4%
Total Rentable Area	160,210	1.3%	543,123	1.9%	703,333	1.7%
TOTAL						
Class A	486,175	9.9%	3,489,285	15.6%	3,975,460	14.5%
Class B	762,937	13.6%	1,301,734	23.7%	2,064,671	18.6%
Class C	249,888	15.0%	98,393	10.5%	348,281	13.4%
Total Rentable Area	1,499,000	12.3%	4,889,412	16.9%	6,388,412	15.6%
Sub-Lease as% of Direct Avail		12.0%		12.5%		12.4%
Sub-Lease as% of Total Avail		10.7%		11.1%		11.0%

(1) Total Availaibilities inclusive of sub-lease

Compiled by Cushman & Wakefield of Pennsylvania, Inc.

The West of Broad office sub-market has historically been considered superior to the East of Broad office sub-market. The highest amount of availabilities in terms of square footage have been evident within the West of Broad sub-market, however, its availabilities as a percent have historically outperformed the East of Broad sub-market.

This differential could arguably be disputed within today's market due to the emerging institutional presence over the past 3 years within the East of Broad sub-market by the U.S. Government, the growing space needs of the Thomas Jefferson University and Medical Center, and the recent relocation of Ace Insurance from Two Liberty Place.

In addition, a lower inventory of quality Class A space further precludes the available options within the East of Broad sub-market, thus creating conditions advantageous to the landlord. Conversely, it also reflects the competitive market conditions within Center City, specifically the West of Broad office sub-market, as the highest quality commercial office buildings adjust to a fluctuating demand by the traditional corporate space user.

The historical availability rate for Center City had been upwardly trending from 1985 to 1992, subsequently reaching a record 18.0% through 5.2+/- million square feet in negative net

absorption. This occurred as the new construction of this expansion cycle was being introduced concomitant with the end of a sustained period of economic and employment growth. This transition, which is typical with the cyclical nature of real estate, was further exacerbated by a well publicized banking crisis. Consequently. this period of record availability was sustained between C.Y. 1992 and C.Y. 1994.

Improving market conditions and positive net absorption subsequently became evident as overall availabilities declined to 9.0% (3.3 million square feet) through C.Y.E. 2000. Positive net absorption (3.9 million square feet) was clearly evident between January, 1995 and December, 2000, however, availabilities trended downward at a slower rate as compared with the suburban markets due to the effects of numerous mergers and consolidations. As such, these activities slowed the trend towards market equilibrium.

During the mid to late 1990s, market activity was directly affected by significant sub-lease/relocation activity which was completely offsetting its positive leasing activity. This was evident in an on-going restructuring of large space users including Bell Atlantic, Con-Rail and Raytheon. Further, an additional 500,000 square feet of space was returned to the market during 1998 in the East of Broad sub-market subsequent to the acquisition of Core States Bank by First Union.

Nonetheless, demand was evident by large and small space users attempting to secure higher quality space for current use and future expansion at very attractive rents. An emerging market equilibrium was further enhanced as the corporate restructuring of the mid to late 1990s tempered downward significantly.

The most extensive space reductions were primarily occurring within the modern Class A office buildings within the West of Broad sub-market. Chronic availabilities continued to be evident within many older obsolete office buildings which were likely to be at the end of their economic life as commercial office space. Market research indicated that the strong market activity for modern Class A space during the late 1990s lead to a limited supply of larger blocks of contiguous space (15,000+ square feet).

Total availabilities were relatively stable (9% range) during the first half of C.Y. 2001, however, the effects of the national recession became clearly evident subsequent to the events of September 11, 2001.

The upwardly trending availabilities were directly related to 1.86+ million square feet in negative net absorption through the C.Y.E. 2004. This was occurring due to sustained sub-lease and space consolidations, and the reintroduction of former owner occupied space and rehabbed space.

The availabilities within Center City reflect a wide variety of space within quality Class A & B commercial office buildings which are available at significantly lower occupancy costs (currently up to 25%+/-) than the (9) highest quality Class A properties within the influencing market.

As such, quality buildings with extensive availabilities have been putting tremendous pressure on the pricing structure of these highest quality Class A properties as tenants take advantage of opportunities in lowering their occupancy costs. The accessibility to favorable municipal tax benefits is also influencing tenant considerations.

Consequently, availabilities within the highest quality Class A buildings have been trending higher while the availabilities within the lower quality Class A & B buildings have been stabilizing and are now trending lower. This is reflected within the current and projected near term availabilities within the highest quality buildings (21.4%+/-, 1.855+/- million square feet) within

Center City Philadelphia as compared with the local Class A market (14.5%) and the overall city market (15.6%).

Highest Quality Class A Properties - Center City Philadelphia

No	Property/ Address	Constructed/ Renovated	Rentable Area (Sq.Ft.)	Available (Sq Ft.)	Available As %	Comments
1	One Liberty Place	1985 - 1986	1,193,129	288,000	24 1%	Current increasing through December, 2006
2	Two Liberty Place	1990-91	1,257,000	847,210	67.4%	Original master lease with ACE expires in Feb2006. Cigna to remain -
3	Mellon Bank Center	1990	1,258,985	143,525	11 4%	Asking rents at $22 to $28 Modified Gross
4	Independence Blue Cross	1989	760,613	0	0.0%	Long term multi-year lease (18+ years remaining)
5	Bell Atlantic Tower	1991	1,028,168	325,929	31 7%	95% encumbered under master lease with Verizon - Reflects sub-leasing
6	1 Commerce Sq.	1987	942,866	70,172	7.4%	Asking rents at $25 to $27/sf - Modified Gross
7	2 Commerce Square	1990	953,276	160,150	16.8%	Asking rents at $23 to $28/sf - Modified Gross
8	1 Logan Square	1990	596,306	0	0.0%	Asking rents at $21 to $29/sf - Modified Gross
9	2 Logan Square	1988	694,266	20,134	2.9%	Asking rents at $25 to $29/sf - Modified Gross
	Grand Total		**8,684,609**	**1,855,120**	**21.4%**	
	Less: Two Liberty Place		1,257,000	847,210	67 4%	First availability since original development - 15 years
	Less Bell Atlantic Tower		1,028,168	325,929	31.7%	Original Master Leasehold with Verizon (7+/- years remaining0
	Sub-Total		**2,285,168**	**1,173,139**	**51.3%**	Verizon is actively sub-leasing space (low $20/sf) - Concessions at $45/SF
	Adjusted Total		**6,399,441**	**681,981**	**10.7%**	

Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Further analysis reveals, however, that the highest concentration of available space is primarily evident within Two Liberty Place and the Bell Atlantic Tower. Two Liberty Place, as discussed, is becoming partially available for the first time since its original development in C.Y 1990-1991. Further, the top floors of this property, as discussed, are projected to be converted to residential use.

Current activities within the Bell Atlantic Tower reflect very aggressive sub-leasing by Verizon which has 6+/- years remaining under its original master leasehold. The tenant is negotiating sub-leases under co-terminus terms with its leasehold at unit rents in the range of $19.00 to $20.00 per square foot with up to $45.00+/- per square foot in concessions. The leasing agents for Verizon project 200,000+ square feet in new leases will be finalized during C.Y. 2006.

Consequently, the availabilities within the highest quality Class A buildings exclusive of Two Liberty Place and Bell Atlantic Tower, subsequently decline to a level (10.7%) which is actually superior to the overall market.

Our conversations with C&W brokers and market research also reveals that this wide variety of space within the lower quality Class A & B buildings are also attracting tenants from the lower quality Class B/C buildings. Conversely, these tenants are upgrading their space, but at similarly very attractive market rents.

The movement from Class B/C space to higher quality Class A/B space is consistent with historical market activity and the beginning of a new real estate cycle. Also influencing this activity is the diminishing supply of Class B/C space through conversion to residential condominiums. This is currently evident in the market reports that the Class B buildings at 1530 and 1811 Chestnut Street (total 120,000 square feet) will be converted into residential condominiums.

Major lease transactions (1.9+/- million square feet) over the past 3+ years are summarized as follows.

Recent Lease Transactions
Center City Philadelphia
Over 100,000 Square Feet

Tenant	Leased Area	Location
Delaware Management	300,000±	One and Two Commerce Square
Schnader Harrison	160,000+/-	PNC Building at 1600 Market Street
Pepper Hamilton	245,000±	Two Logan Square (Renewal)
Reliance Insurance & PriceWaterhouse	322,000±	Two Commerce Square
Ballard, Spahr, Andrews & Ingersoll	175,000±	Mellon Bank Center (renewal)
GSA & Citizens Bank	275,000+/-	801 Market Street
Wolf Block Schorr & Solis-Cohen	138,000±	1650 Arch Street
Temple University	115,000±	1515 Market Street
Keystone Mercy Health Plan	106,231±	1700 Market Street
Blank Rome, Esq.	220,000±	One Logan Square
Radian Guaranty & Insurance	167,000+/-	833 Chestnut Street & 1601 Mkt St.
Chubb Insurance, Post & Schell and Elsevier	400,000+/-	Four Penn Center
Duane Morris, Esq.	226,000+/-	30 South 17th Street
Children's Hospital, HUD	135,000+/-	100 Penn Square East
Sunoco	210,000+/-	Mellon Bank Centre
Health Partners	129,442+/-	901 Market Street
U.S. Government (H.U.D.)	94,350+/-	100 Penn Square East
ExecellRx/American International group	190,000	3 Ben Franklin Parkway
Deloitte & Touche	120,000+/-	1700 Market Street
Comcast	872,625+/-	Comcast Center - 1701 J.F.K. Blvd-

Published reports indicate that C.Y. 2004 and C.Y. 2005 as well the next 2+ years have been/will continue to be critical for the office market within Center City Philadelphia as existing leases expire for its major corporations and consulting firms.

Many of the corporate tenants have been/are scaling down their future space needs due to the following 3 reasons: (1) significant improvements in computer technology and worker productivity, (2) a long term trend towards an employee "home office"; and (3) a transfer of "white collar" employment to lower cost operations overseas.

The following compilation illustrates 16 major corporations and consulting firms which encompass 4.99+ million square feet within Center City Philadelphia under leases expiring over the next 2+/- years. Our market research reveals that 11 companies (3.85+/- million square feet) are/will be reducing their space needs by 1.47+/- million square feet (38.2%) during this period.

Conversely, the remaining 5 companies and law firms (1.14+ million square feet) are/will be expanding their space needs by 724,625+/- square feet (63.7%). Overall, the compilation illustrates that the existing tenants within Center City Philadelphia will be reducing their space

under lease by 748,852+/- square feet or by the equivalent of 15%+/- of the existing space under lease.

Major Companies Within Center City Philadelphia With Expiring Leases - C.Y. 2004-2006+/-

No.	Company	Location	Existing Under Lease (Sq.Ft.)	New Space Needs (Sq.Ft.)	Increase/ Decrease (Sq.Ft.)	Change As A %	Comments
Companies Consolidating							
1	Cigna	1 & 2 Liberty Place	724,027	479,000	-245 027	-33 8%	Announced will occupy Fl Nos 3-19 within Two Liberty
2	Ace, Ltd.	2 Liberty Place	633,214	453 943	-179,271	-28.3%	Acquired 436 Walnut & leased 150,000 sf in Penn Mutual
3	Towers Perrin	Centre Sq.& Mellon Ctr.	450 000	250,000	-200 000	-44.4%	Agreed to stay in Center City at its existing locations.
4	Sunoco	10 Penn Center	375,000	210,000	-165 000	-44.0%	Relocated to Mellon Ctr At 1735 Market Street
5	Duane Morris	1 Liberty Place	228,179	226,389	-1,790	-0.8%	Relocated to United Plaza at 30 South 17th St)
6	FMC Corp	Mellon Ctr. At 1735 Mkt	200,000	162,600	-37,400	-18.7%	Agreed to stay within 1735 Mkt under reduced space
7	Beacon Insurance	436 Walnut Street	175,000	50,000	-125 000	-71 4%	Relocation to 1500 Spring Garden St - balance to Boston, MA
8	Tenet Healthcare	Centre Square	130,000	20,000	-110,000	-84.6%	
9	Ernst & Young	Two Commerce Square	125 000	97,000	-28,000	-22 4%	
10	Arkema - Atofina Chemicals	2000 Market Street	249,579	157,590	-91,989	-36 9%	Officially downsized its space
11	Verizon	1717 Arch Street	565,000	275,000	-290,000	-51 3%	
11	**Companies Consolidating**	**Sub-Total**	**3,854,999**	**2,381,522**	**-1,473,477**	**-38.2%**	
Companies Expanding							
1	Aramark Corp.	Aramark Tower (1101 Mkt)	300,000	350,000	50,000	16.7%	Agreed in late 2004 to stay within Center City.
2	Comcast	Centre Square	273,000	872,625	599,625	219.6%	To vacate for new state-of-the-art facility - Subject Property
3	Dechert, LLP	1717 Arch Street	225,000	245,000	20,000	8 9%	Recently relocated to Cira Center
4	Ballard Spahr	Mellon Ctr. At 1735 Mkt.	200,000	235,000	35,000	17.5%	
5	Janney Montgomery Scott	10 Penn Center	140,000	160,000	20,000	14.3%	
5	**Companies Expanding**	**Sub-Total**	**1,138,000**	**1,882,625**	**724,625**	**63.7%**	
16	**Grand Total**		**4,992,999**	**4,244,147**	**-748,852**	**-15.0%**	

Source: published articles market research by Cushman & Wakefield of Pa., Inc
Compiled by Cushman & Wakefield of Pa., Inc.

The preceding compilation is exclusive of Wachovia Corp. N.A. and Rohm & Haas which both have a long standing presence within Center City.

Wachovia Corp. currently encumbers 400,000+/- square feet of commercial office space throughout Center City with expirations occurring through C.Y. 2010. The company was closely examining its future space needs (First Quarter, C.Y. 2006) based on a criteria of quality space at a favorable cost. Recent published reports indicate, however, that the institution will remain in its existing locations on South Broad Street and the East of Broad office sub-market.

Rohm & Haas currently owns and occupies a corporate facility within the East of Broad sub-market. The company is currently considering its options whether to renovate its existing facility (extensive asbestos) or relocate to modern quality space. It has been negotiating for mid rise space within Two Liberty Place, however, it appears that the company will remain at its existing location according to our market research.

Recent published reports over the past several months indicate, however, that many small and medium law firms and professionals are aggressively expanding their space under lease due to favorable business conditions. A recent report by CB Richard Ellis, a major commercial real estate firm, indicates that 100+ companies are actively seeking up to 4+/- million square feet within Center City. This level is reported to be reflect a virtual "doubling" of market demand over the preceding year.

The greatest positive impact on employment within Center City is attributed to Comcast which will be "doubling" its space under lease This expansion will occur through a consolidation of its space under lease in the suburbs and city into a corporate headquarters while also relocating the operations of its recent acquisitions (AT&T, Adelphia).

In addition, published announcements indicate that ExcelleRx, Inc. (medication management company) has announced plans of consolidating its city and suburban workforce into a single Center City location at 3 Benjamin Franklin Parkway. The company currently employees 200 and is projected to increase its employees up to 750+/- within the next 5+/- years. Lastly,

American International Group (A.I.G.) has also announced plans to open a new "call center" facility at 3 Benjamin Franklin Parkway. The employees will be relocating from alternative suburban locations within Pennsylvania and Delaware. Governmental incentives are reported to have assisted in this positive net absorption of commercial office space.

A typical vacancy rate ranging from 5.0% to 10.0% generally reflects stable market conditions within an established office market. As such, the current availability of 15.6% within the Center City office market indicates that it has moved away from the market equilibrium of C.Y. 2000, however, it still reflects an improvement over the past year (17.2% at C.Y.E. 2004).

Availability rates will likely continue to trend lower over the near term with sustained economic and employment growth. Nonetheless, the scope of this downward trend will likely be restrained through the previously discussed space consolidations.

The historical pace at which the Center City office market approached equilibrium clearly illustrates the need for an expanding "white collar" work force and a reduction in the inventory of obsolete office space. For net absorption to be sustained, existing companies must expand and new companies must be formed or attracted.

The aforementioned was evidenced between 1997 and 2001+ by an expanding Services Sector and the decisions by McDonalds, Lincoln National Life Insurance, Sovereign Bank, Commerce Bank, Fleet Bank and Citizens Bank to have their regional and/or corporate headquarters within Center City. The pending expansion by Comcast in C.Y. 2007 will also likely help spur job growth within Center City as its vendors and service providers (law firms, advertising agencies, etc.) relocate to space in proximity of their major client.

In addition, American Business Financial Services relocated 700+ employees (1st Quarter 2003) from the Pennsylvania suburbs to its new operations facility (210,000+/- square feet) within 100 Penn Square East (former Wanamaker Building). The relocation, which occurred with comprehensive municipal entitlements, was projected to include up to 1,000+/- employees, however, all employees were terminated during the first 6 months of C.Y. 2005 as the company was liquidated due to bankruptcy proceedings. Children's Hospital of Philadelphia and Market Lab Research are reported, however, to have recently re-leased 91,000+/- square feet over the last 6 months.

Published articles during C.Y. 2003 indicated that Radian Insurance would be vacating 100,000+/- square feet (400 employees) within 2 buildings within Center City for a build-to-suit facility within the Conshohocken sub-market within Suburban Philadelphia. Current published market reports reveal, however, that the company remained within Center City Philadelphia and is now reported to be further expanding (47,000+/- square feet) under attractive multi-year leases within 2 quality commercial office buildings.

Recent published reports indicate that Aramark Corp., ACE, Cigna, Sunoco and Towers Perrin have announced their intentions of remaining in Center City despite attractive incentives from alternative jurisdictions such as the Cities of Camden, New Jersey and Wilmington, Delaware. Conversely, the American Automobile Association (AAA) sold its corporate headquarters during C.Y. 2004 on Market Street and relocated to a larger modern facility within the Christina Riverfront area of the City of Wilmington, Delaware.

Real estate experts agree that well located and functional Class A and B/C buildings, in good condition and with competitive lease packages, will enjoy the highest occupancies and rental rates.

Conversely, Class B/C buildings desirable for residential condominiums and insufficiently maintained and functionally obsolete buildings in inferior office locations are representative of redevelopment parcels. The trend towards residential condominiums is occurring concomitant with rising unit values well above inflation, and the redevelopment of lower quality commercial office buildings is occurring concomitant with a changing highest and best use. This is currently evident in the previously discussed conversion of former commercial office buildings into residential use. The reduction in inventory through conversion into alternative uses should similarly benefit the influencing market.

The most notable conversion from office to residential use is the recently announced conversion of upper floor space (Floors 25-50, up to 800,000+/- square feet) into luxury residential condominiums within Two Liberty Place (1.257+/- million square feet). This property has historically been occupied in its entirety by Ace/Cigna, however, Ace will be vacating its space with the previous and current ownership unable to attract new tenants. Our market research reveals, however, that the new ownership has been simultaneously negotiating commercial office leases for the mid-rise space (Floor Nos. 19-39+/-) while designating the top 14 floors for residential use.

A major factor influencing the viability of the Center City office market has been its cost of occupancy as compared with the suburban markets. A major impetus in the development of the suburban markets during the 1980s was attributed to excessive taxation relative to the quality of services provided. The aforementioned occurred through real estate taxes and the taxation of companies and employees through a wage tax, business privilege tax and a business net income tax.

The city's means of taxation are still in place, however, the rate of taxation was relatively reasonable through C.Y. 2001. As such, the disparity in occupancy costs between the city and suburban regions declined drastically as market rents trended significantly higher in the suburban markets through C.Y. 2001. The reduced cost disparity was encouraging suburban companies to consider relocating back to Center City.

This trend was clearly evident through the first half of C.Y. 2001, however, the disparity in occupancy costs has since moved back in favor of the suburban markets. This has occurred due to rising real estate taxes within Center City coupled with extensive availabilities and reduced rents within the suburban markets due to new construction and reduced demand.

The basic tax structure of the city and its myriad layers will likely be reduced only marginally and over time. There is a general consensus for a reduction in the layers of taxation, however, the political realities stipulate that reductions must be neutral and without any corresponding decline in services. Extensive residential development activity is occurring throughout Center City, however, the tax base will likely remain effectively unchanged over the near term since this new development is sheltered through the available 10-year tax abatement.

Nonetheless, Center City Philadelphia is projected to continue to be the focal point of the fifth largest metropolitan area within the nation due to a comprehensive public transportation network and its reemergence as a very desirable "24 hour" urban city. Consequently, large institutional and professional space users will likely continue to be situated within Center City in order to utilize the region's diverse workforce while attracting educated middle to upper middle income professionals to its thriving cultural and social amenities.

Rental Rates

The historical average rental rates for Class A and B commercial office space on a full service basis within Center City Philadelphia are summarized as follows. A full service rental rate includes all expenses paid by the landlord including tenant electricity. Tenant electricity currently ranges from $1.50 to $3.50 per square foot.

HISTORICAL AVERAGE FACE RENTAL RATES

FULL SERVICE BASIS

CENTER CITY PHILADLELPHIA, PENNSYLVANIA

		East of Broad		West of Broad	
	Period	Class A	Class B	Class A	Class B
No.	C.Y.E.	($ Per Sq. Ft.)	($ Per Sq. Ft.)	($ Per Sq. Ft.)	($ Per Sq. Ft.)
1	1989	$20.75	$17.94	$26.98	$18.18
2	1990	20.55	15.94	25.69	17.66
3	1991	20.78	15.48	24.84	15.99
4	1992	21.18	15.46	22.70	15.67
5	1993	19.32	14.85	21.71	17.16
6	1994	19.96	14.74	20.79	15.11
7	1995	19.46	15.79	19.89	14.76
8	1996	19.02	15.77	19.39	14.55
9	1997	19.42	15.78	22.91	14.26
10	1998	20.24	16.51	24.75	16.64
11	1999	21.62	17.48	25.73	17.38
12	2000	19.41	21.90	24.50	18.22
13	2001	22.66	23.19	25.92	19.98
14	2002	21.54	22.98	25.45	20.20
15	2003	22.39	21.87	25.29	19.56
16	2004	22.44	19.13	25.35	19.25
17	2005	22.44	19.13	25.35	19.25
17.25	2006	22.00	19.48	25.69	19.54

First Quarter of C.Y. 2006

Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Average asking rents for Class A space have historically been highest within the West of Broad sub-market. The disparity between the East of Broad sub-market has fluctuated from 1.9% in 1996 to 30.0% in 1989 as further evidence of the cyclical nature of real estate. The current disparity of 17%+/- is generally consistent with the historical average of 15%.

Market sources further indicate that the spread between asking and actual rental rates is significantly lower within the West of Broad sub-market as compared with the East of Broad sub-market. Conversely, the asking rents for Class B space have been generally consistent between the 2 sub-markets.

Overall asking rents within Center City currently range from $13.00 to $30.00 per square foot. The low end of the range reflects marginal Class C space within Center City. Conversely, the upper end reflects upper floor space with panoramic views in the modern Class A buildings in the West of Broad sub-market.

The preceding compilation illustrates that average rental rates are only slowly returning to the levels of the late 1980s. It further reflects cyclical nature of real estate as evidenced by the

expansion of the 1980s, the ensuing contraction of the early/mid-1990s, improving market conditions from C.Y. 1995 through the 2nd Quarter of C.Y. 2001; and now reflective of excessive availabilities due to a relatively static market demand. The general consensus is that the national and regional economies are once again growing with sustained employment growth projected to continue during C.Y. 2006.

Effective contract rents were steadily rising throughout the 1990s as free rent was no longer required due to improving market conditions. The effective rent effectively factors the costs of free rent and tenant workletters which are amortized over the lease term. Nonetheless, tenant workletters continue to be a major factor within today's market and free rent is once again reported (further discussion follows). It is the general consensus that effective rents have declined by 25% to 50% since C.Y. 2000 concomitant with the change in market conditions.

Lastly, market criteria currently indicates that an average rental rate in the range of $35.00 to $40.00+/- per square foot is generally required to justify new construction. As such, it appears that the Center City office market was slowly moving towards market feasibility of unsubsidized construction through the 2nd Quarter of C.Y. 2001, however, subsequently rising availabilities and reduced demand have negated this trend for the near term. Future development will not likely occur without a sustained growth in market demand.

Leasing Practices

Market criteria currently reflects 3- to 15-year lease terms with 3- to 5-year terms prevalent for smaller space users, increasing to the 10- to 15-year range for larger space users with extensive installations. Current rents under smaller space lease are typically increasing by $0.50 per square foot per year as compared to the larger space leases which reflect $1.00 to $2.00 per square foot step-ups every 3- to 5-years.

Tenants within Center City office buildings are typically responsible for a proportionate share of increases in real estate taxes and operating expenses over a base year, however, tenants within several of the highest quality Class A properties within Center City are typically responsible for full pro-rata share reimbursements. Operating expenses currently range from $7.00 to $12.00 per square foot.

Lastly, tenant electricity is provided on both a full-service basis or through a sub-meter. The full service basis indicates that the tenant is responsible for its proportionate share of increases in tenant electricity over a base year. Tenant electricity through a sub-meter is billed directly by the ownership for the full cost of the tenant's electricity consumption.

The use of a sub-meter and/or direct meter is prevalent with renovated and modern commercial office buildings.

Rent Concessions

Rent concessions (free rent of up to 1 year) were a standard tenant requirement during the early/mid 1990s as market conditions favored the tenant. The requirement subsequently fell away during the late 1990s due to improving market conditions more favorable to the landlord.

Nonetheless, the cyclical nature of real estate is evident within today's market within Center City Philadelphia as free rent (currently 3 to 12 months) is being reported within recent rehab projects and the highest quality Class A properties. These properties are aggressively attempting to maintain and/or increase occupancy.

Tenant Improvements' Costs

Tenant workletters are a typical feature within the office markets of Center City Philadelphia. A tenant workletter is paid by the landlord in order to finish the space according to individual tenant requirements. The cost of the landlord's tenant workletter will fluctuate directly with the negotiated contract rent and lease term.

Tenant workletters within today's market typically range from $10.00 to $70.00+ per square foot or the equivalent of $2.00 to $6.00 per square foot per lease year. Lower cost tenant workletters are evident for smaller space users under shorter term leases.

Conversely, the largest and most comprehensive tenant workletters are evident within the longer term large space leases. This is typically occurring within the quality Class A commercial office buildings in which tenant workletters are ranging from $4.00 to $5.00 per square foot per lease year. This further ranges from approximately $40.00 to $70.00+/- per square foot under 10- to 15-year lease terms.

Tenant workletters are typically required on renewal within the influencing market, however, the current costs typically range As Is to 50% of the cost of a new lease. Tenant workletters on renewal are typically used for re-carpeting and re-painting.

Conclusions

It is recognized that the Center City office market absorbed an over-supply of commercial office space during the mid to late 1990s as a result of its record development of the 1980s. It slowly moved forward during this period as its availability rate trended downward. Market equilibrium was generally achieved during C.Y. 2000 and the first half of C.Y. 2001 as both large and small space users absorbed available space at competitive rental rates relative to the occupancy costs of the suburban markets.

Unfortunately, the cyclical nature of real estate has been clearly evident as availabilities trended higher through C.Y.E. 2004. This upward trend occurred due to on-going corporate consolidations and bankruptcies despite the early stages of an expanding economy. The re-introduction of former owner occupied space and renovation/rehab of older office buildings and former department store buildings are also influencing current market conditions.

Availabilities appear to have stabilized during C.Y. 2005, however, the next several years will likely continue to be challenging for the Center City office market. This challenge will be evident in light of the projected downsizing of its major tenants coupled with the current development of heavily subsidized projects.

Nonetheless, sustained economic growth, a renewed expansion of its employment base and an on-going conversion of obsolete commercial buildings into residential use will also likely have a long term positive affect on market dynamics.

Description Of Site

Location:	(1) 2001- 2045 John F. Kennedy Boulevard (2) 2101 - 2145 John F. Kennedy Boulevard (3) 2201 - 2245 John F. Kennedy Boulevard (4) 2301 - 2345 John F. Kennedy Boulevard & 60 North 23rd Street Center City Philadelphia, Pennsylvania 19103 Northerly side of John F. Kennedy Boulevard, between North 20th and 23rd Streets, extending through to Cuthbert, Walden and Cherry Streets (N) and an active grade level CSX freight railroad right-of-way (W). It is further situated within the northwest quadrant of Center City Philadelphia and the West of Broad office sub-market.
Census Tract:	4.00
Land Area:	8.1671+/- acres (355,758+/- square feet) within (4) designated sections of which 46.32%+/- (3.7828 acres) lies within an active SEPTA railroad right-of-way. The remaining 53.68%+/- (4.3843 acres) represents land available for development. The (4) individual sections range in size from .6330 to 4.7997 acres, averaging 2.0418+/- acres per section. The individual sections are non-contiguous, but interconnecting through the SEPTA railroad right of way which crosses North 21st, 22nd and 23rd Streets via elevated overpasses. The right-of-way is the primary rail corridor connecting the transportation centers on the east and west banks of the Schuylkill River. The right-of-way ranges from 80 to 90+/- feet in width, increasing to 225+/- feet at the bridge crossing.

An 8.1671+/- Acre Development Within The Northwest Quadrant Of Center City Philadelphia
Summary of Individual Sections

				Aggregate Lot Area		Subject To Active SEPTA Right-Of-Way		Balance Lot Area			
Section	Address		City ID#	Sq Ft	Acreage	Sq Ft	Acreage	Sq Ft	Acreage	Blockfront Boundaries	
1	2001 - 2045 J.F.K Blvd		885014500	54,826.59	1 2586	36,832 92	0 8456	17,993.67	0 4131	North:	Cuthbert Street
	a/k/a Parcel A									East.	North 20th St
										South	J.F.K Boulevard
										West	North 21th St
2	2101 - 2145 J.F.K. Blvd.		885015000	64,282.68	1 4757	33,574.65	0 7708	30,708 03	0 7050	North.	Walden Street
	a/k/a Parcel B									East	North 21th St
										South	J.F.K Boulevard
										West:	North 22nd St
3	2201 - 2245 J F K. Blvd		885015200	27,572 45	0 6330	16 543.95	0 3798	11,028 50	0 2532	North:	Cuthbert Street
	a/k/a Parcel C									East.	North 22nd St
										South	J.F.K Boulevard
										West:	North 23rd St
4	2201 - 2345 J F.K. Blvd.	4 1	885015500	77,827.00	1 7867	77,827 00	1 7867	0 00	0 0000	North.	Cherry Street
	60 N23d St.	4.2	882160401	131,249.00	3 0131	0.00	0 0000	131,249.00	3 0131	East:	North 23rd St.
	ak/a Parcel D/E		Sub-Total	209,076.00	4 7997	77,827 00	1 7867	131,249.00	3 0131	South	J F K. Boulevard
										West:	CSX Right-Of-Way
	Total			355,757.72	8.1671	164,778 52	3.7828	190,979.21	4 3843		
	As A %			100 0%		46 3%		53 7%			

Source: Consultants of J F K. Acquisition G P , L L C
Compiled by Cushman & Wakefield of PA. Inc

Shape: Irregular, but generally rectangular blockfront sites which are non-contiguous, but interconnecting through the SEPTA railroad right of way. The SEPTA right-of-way crosses North 21st, 22nd and 23rd Streets via elevated overpasses.

Topography: The overall site slopes downward proceeding north of John F. Kennedy Boulevard. The sloping topography reflects that J.F.K. Boulevard is constructed above the active rail and subway lines of Suburban Station.

In addition, the overall site ascends from the SEPTA tunnel at North 20th Street (E), proceeding towards the Schuylkill River Bridge Crossing (W).

The northerly section of the overall site is generally level and at grade.

Frontage: The overall site contains non-contiguous frontage of 1,450 to 1,492+/- feet on the northerly and southerly elevations, increasing to 1,650+/- feet inclusive of the elevated sections within the SEPTA right-of-way.

The individual blockfront sites generally range from 273 to 455+/- feet on the northerly and southerly elevations, and from 100+ to 654+/- feet on the east and west elevations.

Lastly, Section No. 4 reflects 475+/- feet of frontage on an active CSX grade level freight railroad right-of-way.

Accessibility & Visibility: The subject property has excellent visibility and accessibility for pedestrian and vehicular traffic. In addition, it is conveniently accessible to public transportation (bus, subway and light rail).

Soil Conditions:	We did not receive nor review a soil report. However, we assume that the load-bearing capacity of the soil is sufficient to support the existing structures and as envisioned. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities	All standard municipal and private utility services are available.
Land Use Restrictions:	The subject property is subject to a SEPTA railroad right-of-way easement which intersects 46.32%+/- (3.7828 acres) of the aggregate site. It is reported that future development can only occur within a vertical plane situated 27+/- feet above the track right-of-way. We do not know of any other easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Flood Zone:	The area between the railroad right-of-way (N) and John F. Kennedy Boulevard (S) is not considered to be within a designated flood plain (Zone X). The remainder of the subject property is, however, situated within a designated flood plain (Zone AE). Consequently, it appears that 80% to 85%+/- of the subject property is situated with a designated flood plain. A flood plain map is included in the Addenda. Zone X and Zone AE are identified on Community Panel No. 420757-0183F, dated August, 1996, according to flood hazard maps published by the Federal Emergency Management Agency. The description of the individual zones is as follows. FEMA Zone X: Areas determined to be outside the 500 year flood plain. FEMA Zone AE: Special flood hazard areas subject to inundation by the 100-year flood determined in a Flood Insurance Study by detailed methods. Base flood elevations are shown within these zones. Mandatory flood insurance purchase requirements apply.
Wetlands:	We were not given a Wetlands survey. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a competent engineering firm.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the services of a professional engineer for this purpose.

Observations & Comments

The subject property under appraisal is comprised of (5) legally defined blockfront sites which are situated within (4) individual non-contiguous sections. An active railroad right-of-way with the regional transportation authority intersects 46.32%+/- of the aggregate site and restricts its primary development potential to the air/development rights within a vertical plane situated 27+/- feet above the track right-of-way.

It is our opinion that the SEPTA right-of-way enhances the highest and best use of the individual sections by interconnecting the aggregate site through the elevated overpasses crossing North 21st, 22nd and 23rd Streets. Thus, the highest and best use of 4 individual sections interconnecting through a single plane becomes inherently more valuable as a single development site under a comprehensive master plan. Consequently, it is our opinion that the inherent value of the aggregate site is greater than the sum of its individual sections.

The cost of development is typically prohibitive within the air/development rights above an expansive vertical plane due to major engineering and physical challenges. The impact can be somewhat reduced since a larger multi-acre development site, such as the subject property, enables a more favorable allocation of development expenses through a comprehensive development plan.

In addition, the aggregate cost of the infrastructure does not have to be immediately invested as is typical within a single development site. The layout of the subject property will require a basic infrastructure investment, however, the remaining infrastructure will not require its final investment until that time development is ready to commence.

Consequently, it is our opinion that the subject property represents a functional interconnecting development site for commercial and residential use with excellent river views and access. Nonetheless, a major investment in the physical infrastructure is required to enable such a development. The extensive coverage of the site within a designated floor plain will further add to the required investment.

Lastly, it is considered to be conveniently accessible and visible to vehicular traffic via the local roads, interstate highway system and public transportation. Overall, there are no known factors other than the infrastructure for supporting a vertical plane which are considered to prevent the site from development to its highest and best use, as if vacant.

Improvements Description

Improvements - As Is

The subject property under appraisal is an 8.1671+/- acre (355,758+/- square feet) development site which is comprised of (4) sections contained within 5 legally defined rectangular parcels.

The submitted information indicates that 46.32%+/- (3.7828 acres) of the aggregate site lies within an active SEPTA railroad right-of-way. The remaining 53.68%+/- (4.3843 acres) represents land available for development.

The southerly elevation is attractively landscaped between John F. Kennedy Boulevard and the active SEPTA railroad right-of-way. The active railroad right-of-way is improved with (4) abutting tracks for east and westbound service with overhead power lines and a power station. The northerly elevation of the railroad right-of-way is demised by a retaining wall.

The remaining area abutting the northerly right-of-way and extending north to Cherry Street is paved and lined for short term and monthly parking (700+/- vehicles).

Improvements - As Envisioned

A mixed-use retail, entertainment, office, hotel and residential complex with on-site multi-level parking under a governmentally approved master plan.

The complex, identified as "River City", will be constructed in (4) interconnecting sections primarily contained within the air/development rights of a vertical plane. This vertical plane will be situated above the SEPTA railroad right-of-way (27+ feet minimum) and extending over a CSX railroad right-of-way to the easterly bank of the Schuylkill River.

The complex is further envisioned to be extended along the east and west sides of a CSX grade level freight railroad right-of-way which runs parallel with the east bank of the Schuylkill River.

The complex will be comprised of (8) 41- to 62-story Class A commercial office and luxury multi-family buildings which will be interconnecting by an open public plaza above the SEPTA right-of-way. It The complex will contain 3,735+/- residential units, 4,240,000+/- square feet of commercial retail, hotel and office space, 350,000+/- square feet of entertainment space and on-site parking for 5,000+/- vehicles.

The overall project will further contain a grand total of 10,275,000+/- square feet of rentable/saleable area within a grand total of 12,000,000+/- square feet of building area.

An 8.1671+/- Acre Development Site - "River City"
Summary of Projected Building Area As Envisioned

	Units/Spaces	Area (SF)	(1) Indicated Parking Ratio
Residential	3,735	6,035,000	
Commercial		4,240,000	
Rentable/Saleable Area Sub-Total		10,275,000	
Entertainment		350,000	
Amenities		200,000	
Sub-Total		550,000	
Mulit-Level Covered Parking	5,000	1,175,000	1.34
Grand Total		12,000,000	

(1) Ratio of spaces to no. of residential units

Source: Consultants of J.F.K. Acquisition G.P., L.L.C.
Compiled by Cushman & Wakefield of PA. Inc.

Project amenities will include an attractively landscaped open public plaza extending along the entire vertical plane and extending along the Schuylkill River. It will also include an enclosed glass "winter garden".

The 4 sections proceeding east/west will include commercial (retail/office) and residential within Section No. 1, commercial (retail/hotel/office) within Section No. 2, entertainment within Section No. 3, and residential within Section No. 4.

Development activities are projected to occur over the next decade as approvals are finalized and development financing is obtained.

Real Property Taxes And Assessments

The subject property is assessed as follows for calendar year 2006 by the City of Philadelphia, Pennsylvania. Real estate has historically been assessed at 32% of the assessor's estimated

market value. Further, the tax rate of the City of Philadelphia has been unchanged since 1991 at $8.264 per $100.00 of Assessed Value.

Assessor's Market Value, Tax Assessments & Taxes
City of Philadelphia, Philadelphia County, Pennsylvania

Address	5 Legally Defined Sites
Tax I.D.#	88501: 4500, 5000 & 5200 & 5500 and 882160401
Land	$14,402,375
Building	40,625
(1) Total Assesor's Market Value	$14,443,000
Ratio of A.V. to Assessor's M. V.	32.0%
Assessed Value for C.Y. 2006	$4,621,760
C.Y. 2006 Tax Rate (Per $100.00 of A.V.)	$8.2640
C.Y. 2006 Real Estate Taxes (Dollars)	$381,942
Plus: Central Phila. Improvement District (2)	29,660
Total Real Estate Taxes For C.Y. 2006	$411,602

(1) Personal Property is not taxed within the State of Pennsylvania.
(2) Discussion follows.
Source: Tax Assessor For the City of Philadelphia, Pennsylvania,
Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Tax Assessment Methodology

It is the official policy of the city assessor that assessments can be legally changed on an annual basis due to the addition or reduction of finished floor area, a change in use and, lastly subsequent to "arms length" sales activity. Assessments are, however, also negotiable with the city through tax appeal proceedings.

During the 1990s, the unofficial policy of the city assessor was that assessments were not changed subsequent to "arms length" sales activity. This unofficial policy was followed due to the severe decline in Center City real estate values during the early 1990s coupled with a pro-business mayoral administration. Consequently, a greater real estate tax burden was subsequently shifted to the residential component of the tax base.

City government continues to be pro-business, however, our market research indicates that assessments have been trending higher concomitant with rising real estate values and improved market conditions.

The observation on rising assessments is evident within the subject property. The overall change in the real estate tax assessment over the past 6+/- years has trended well above the overall rate of inflation. Our compilation, summarized as follows, shows, however, that the most extensive increases have occurred over the past 2 years.

Subject Property
Historical Assessment

No.	Calendar Year	Assessment (Dollars)	Change (Dollars)	Change As A %
1	2000	$2,119,712		
2	2001	2,119,712	$0	0.0%
3	2002	2,119,712	0	0.0%
4	2003	2,119,712	0	0.0%
5	2004	2,119,712	0	0.0%
6	2005	3,136,000	1,016,288	47.9%
7	2006	4,621,760	1,485,760	47.4%
Overall Change 2000 - 2006			$2,502,048	118.0%
Indicated Average Annual Change				13.9%

Source: Tax Assessor of City of Philadelphia.
Compiled by Cushman & Wakefield of PA. Inc.

Our market research further reveals that re-assessment in the following year subsequent to an arms length sale are typically reflecting a wide range from 20%+/- to 30%+/- of the reported sale price for income producing real estate within Center City.

It is our opinion, however, that this methodology is not considered to be reliable since it has become common practice by investors within the City of Philadelphia to disguise an arms length conveyance in order to avoid both onerous transfer fees and the potential for re-assessment.

This legally structured disguise occurs through a transfer of the interest in the controlling entity which owns the underlying property interest. As such, the legal transfer never reflects a conveyance in the underlying property or any change in the record ownership despite the change in the controlling interest.

It is noted that the City of Philadelphia is currently undergoing a city wide reassessment which is projected to be completed during C.Y. 2007 and implemented as of January 1, 2008. The process has already been delayed by one year and any city wide reassessment is projected to be contentious.

Conclusions: The tax assessment of the subject property will be revised over the ensuing years subsequent to its future re-development into a mixed-use commercial and residential complex.

Central Philadelphia Improvement District

The subject property is a member of the Central Philadelphia Improvement District which is a special business improvement district created by commercial building owners within Center City Philadelphia. Authorized by the legislature, the district is permitted to collect a special tax from property owners/tenants to pay for special sanitation services, private security, tourist assistance, programs for the homeless and physical street improvements. These improvements include street lighting, sign and sidewalk renovation and tree plantings.

The share of the subject property is based on the pro-rata share of it's A.V. to the total A.V. for all buildings within the district times the annual budget. This special assessment, which is a recoverable expense, is processed accordingly as part of total real estate taxes.

Special Services District of Central Philadelphia
Allocation of Total Expense - C.Y. 2006 Projected

Property No.	Total
Assessed Value - S.P.	$4,621,760
Divided By:	
Total Assessed Value of District	$1,833,722,874
Equals:	
Pro-Rata Share of S.P.	0.252042%
Times:	
Budgeted Expense CY 2006	$11,767,750
Equals:	
Pro-Rata Share To S.P.	$29,660

Source:Center City District

Compiled by Cushman & Wakefield of Pennsylvania, Inc.

Keystone Opportunity Improvement Zone

The Keystone Opportunity Improvement Zone (K.O.I.Z.) is a special designation approved by the state legislature which offers favorable developmental incentives for a 10 to 15+/- year period and includes elimination of city and state income taxes and significantly reduced property taxes.

K.O.I.Z. Conclusions: A representative of the prospective ownership indicated that this designation will likely be pursued for a section of the subject property as envisioned.

Real Estate Tax Abatements

There are 2 real estate tax abatement programs which are currently available to new residential and commercial development and commercial conversions within the jurisdiction of the City of Philadelphia, Pa.

Program No. 1: This is a 10-year transaction which provides for the 100% abatement of all real estate taxes attributed to the hard and soft development costs of new construction. The abatement commences January 1st of the following year of the official issuance of certificate of occupancy and continues 100% for a maximum term of 10-years. Real estate taxes under this program are, however, payable on the existing land and improvements prior to development.

The aforementioned program was implemented in December, 2000 subsequent to the approvals by the city council, mayor and the state legislature. The program was significantly enhanced as compared with the prior program (3 years at 100%, declining in equal increments over the next 7-years).

Program No. 2: This is a multi-year transaction which is identified as “T.I.F” (Tax Incremental Financing). This program is implemented during the initial design period, subsequently continuing for a total period of up to 20+/-years. The program is designed to provide supplemental development financing in order to enhance the equity position of the ownership, and thus encourage third party development financing.

Program No. 2 must be sponsored by the local city council person and approved by the city council. The program is typically site specific, however, the program can be expanded to include multiple non-contiguous properties within a designated area.

There are 2 options within this program 2A and 2B. Program 2A permits a developer to take an initial lump sum payment. Program 2B effectively permits the same benefits as Program No. 1.

If a lump sum payment is initially given, the future real estate taxes of the completed property are designated for the complete repayment of the principal and interest under the initial lump sum payment. Alternatively, in lieu of a lump sum payment, a developer will be entitled to a 100% abatement of all real estate taxes attributed to the hard and soft development costs of all aspects of the new construction.

Real Estate Tax Abatement Conclusions: A representative of the ownership reports that this program will be employed in the future development of the subject property as envisioned.

Zoning

The subject property is situated within two zoning districts as designated by the planning commission of the City of Philadelphia, Pennsylvania. The highlights of each district are summarized as follows for the permitted uses and bulk and on-site parking requirements. In addition, a zoning map follows.

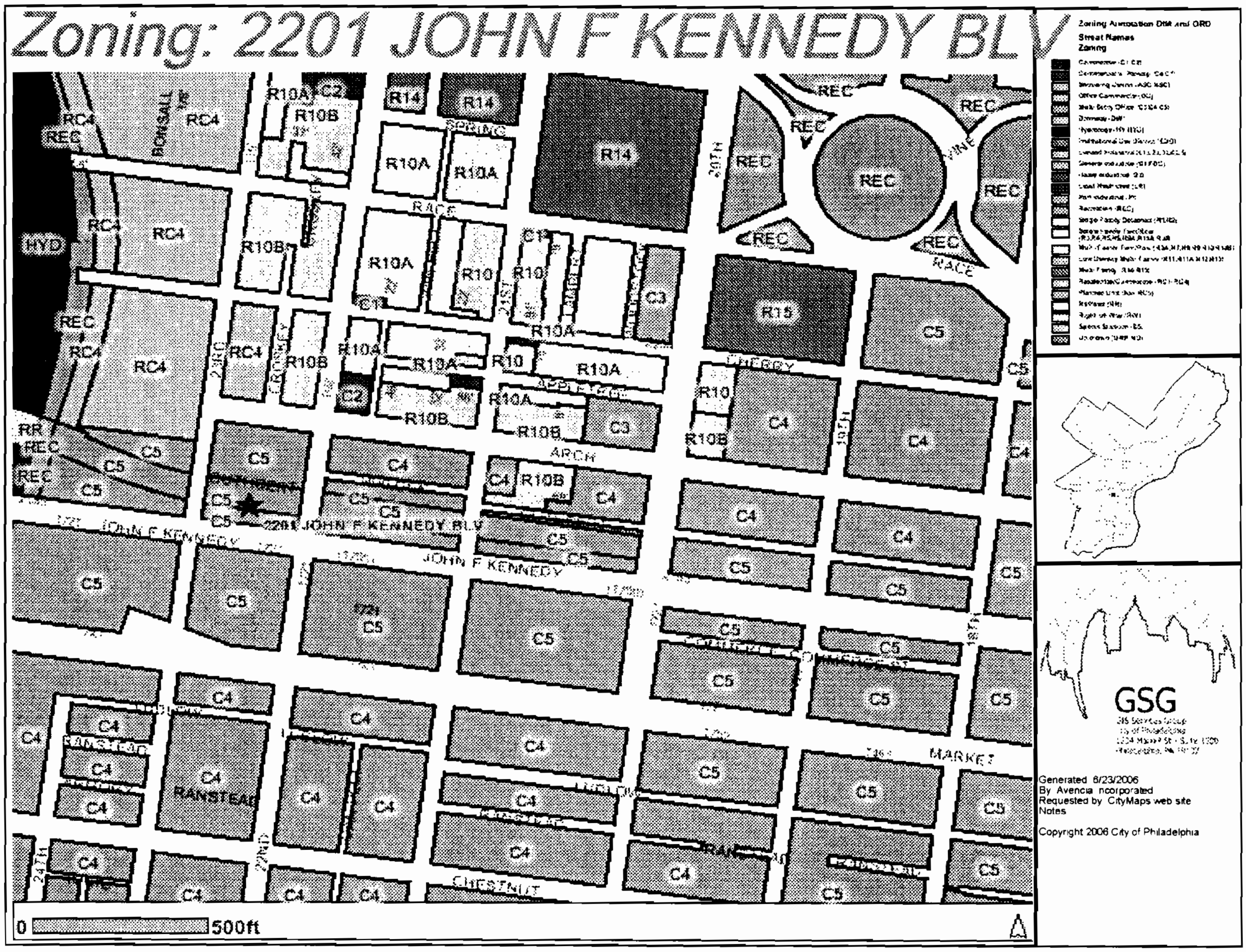
Section Nos. 1 - 4.1 - C-5 Commercial (63.11%+/-) &

Section Nos. 4.2 (60 North 23rd Street) – R.C.- 4 Residential (36.89%+/-)

An 8.1671+/- Acre Development Site - "River City"
Summary of Zoning District & Regulations
City of Philadelphia, Pennsylvania

Zoning District:	C-5, Commercial District	RC-4, Residential
Section Nos.	1, 2, 3 & 4.1	4.2
Location:	J.F.K. Boulevard	60 North 23rd Street
As a % of Total Lot Area	63.1%	36.9%
Permitted Uses:	Commercial, residential and profesional uses consistent with a diverse & dynamic urban Central Business District.	
Bulk Density Floor Area Ratio (F.A.R.)		
Basic:	12.00	5.00
Basic & Bonus:	20.00	13.00
Basic, Bonus & Incentive:	24.00	17.00
Maximum Bldg. Height:	None	None
Parking:	None Required	0.7 spaces per residential unit

Source: City Planning Department - City of Philadelphia, Pa.
Compiled by Cushman & Wakefield of Pennsylvania, Inc.


Zoning: 2201 JOHN F KENNEDY BLV
Zoning Annotation DIM and ORD
Street Names
Zoning
2201 JOHN F KENNEDY BLV
JOHN F KENNEDY
RACE
CHERRY
ARCH
MARKET
CHESTNUT
RANSTEAD
VINE
20TH
22ND
23RD
24TH
19TH
18TH
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By Avencia Incorporated
Requested by CityMaps web site
Notes
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Existing - As Is

We are not experts in the interpretation of complex zoning ordinances, however, the existing commercial use of the subject property as a short term parking lot is considered to represent a legal, non-conforming use. The existing use pre-dates current zoning criteria, thus indicating that it is now legally "grandfathered".

We know of no deed restrictions, private or public, that further limits the use of the subject property. Deed restrictions are a legal matter and only a title examination by an attorney or Title Company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.

As Envisioned

The subject property under appraisal is located within the northwest quadrant of Center City Philadelphia. The existing zoning criteria permits a wide variety of commercial, residential and professional/educational uses consistent with the central business district of an established urban area.

The bulk density requirements under current zoning criteria provide for a "basic" floor area ratio (F.A.R.). The "basic" F.A.R. can be further enhanced through "bonus F.A.R and "incentive" F.A.R. The "bonus" and "incentive" F.A.R. are designed to promote economic feasibility while providing functional and attractive public space and uses benefiting the community.

The "bonus" component includes open and enclosed plazas, venues for exhibitions of public art and special events, retail goods and services, and improved access to public transportation. The "incentive" component includes "through block" walkways, observation decks, public museum/library, community service facilities, public bathrooms and underground parking.

Lastly, on-site parking is not specifically required within new commercial developments within Center City Philadelphia, however, on-site parking is required for residential based on 0.7 spaces per residential unit.

Observations: The proposed residential and commercial uses of the subject property as envisioned are projected to be consistent with the permitted uses of the underlying zoning district.

The proposed building area for commercial and residential use reflects an indicated F.A.R. of 28.88+/- based on the aggregate building area (10,275,000 square feet) divided by the total lot area (355,758 square feet).

The proposed F.A.R. (28.88+/-) is 25.84%+/- (2,655,558 square feet) higher than the average blended F.A.R. (21.42, 7,619,442 square feet) under the standard computations according to published zoning criteria. This computation follows.

The indicated relationship indicates that basic, bonus and incentive F.A.R. must be employed to its maximum allowable levels in the future development of the subject property as envisioned. It also suggests that the dynamics of the unique physical features of the subject site must also be fully exploited in order to achieve the desired rentable/saleable density.

It is noted that the unique location of the subject property exempts the garage component from the F.A.R. computation. It is specifically precluded under current criteria for the purpose of enhancing the economic feasibility of development above an active railroad right-of-way.

An 8.1671+/- Acre Development Site - "River City"
Zoning Analysis - Proposed Use

(1) Projected Building Area (Sq.Ft.)		Lot Area (Sq.Ft.)		Indicated Floor Area Ratio (F.A.R.)
10,275,000	Divided By	355,758	Equals	28.88
No. Spaces			No. Res Untis	Indicated Parking Ratio Spaces per No. Residential Units
5,000	Proj. On-Site Parking For Resiential Component		3,735	1.34

(1) Parking Building Area is excluded from total due to railroad right-of-way

Source: Consultants of J.F.K. Acquisition G.P., L.L.C.
Source: City Planning Department - City of Philadelphia, Pa.
Compiled by Cushman & Wakefield of PA. Inc.

An 8.1671+/- Acre Development Site - "River City"
Zoning Analysis - Standard Computations

Zoning District	C-5, Commercial District	RC-4, Residential	Total
Section Nos.:	1, 2, 3 & 4.1	4.2	
As A % ot Total Lot Area:	63.1%	36.9%	100.0%
Total Eligible Lot Area:	224,509	131,249	355,758
Times:			
Basic, Bonus & Incentive:	24.00	17.00	
Equal			
Indicated Building Area	5,388,209	2,231,233	7,619,442
		Indicated Blended F.A.R.:	21.4

Source: City Planning Department - City of Philadelphia, Pa.
Compiled by Cushman & Wakefield of PA. Inc.

Lastly, the indicated parking ratio of 1.34 spaces per residential unit (5,000 spaces / 3,735 residential units) suggests that the subject property as envisioned is consistent with current market criteria. The indicated relationship also suggests that the surplus on-site parking (2,386+/- spaces) is available for the commercial component (5,000 spaces less (3,735 residential units x 0.7 = 2,615 spaces).

It is our opinion that the subject property as a mixed use residential and commercial development will become legally conforming and complying under current zoning criteria based on its approval under an approved master plan. The future approval under a master plan will likely occur concomitant with extensive community and governmental review.

Highest And Best Use

According to *The Dictionary of Real Estate Appraisal*, Fourth Edition (2002), a publication of the Appraisal Institute, the highest and best use is defined as:

> *The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.*

We evaluated the site's highest and best use as if vacant and as currently improved. In both cases, the highest and best use must meet the aforementioned criteria. The use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive.

The Subject Site - As Vacant

The first constraint imposed on the possible use of the subject property is the legal permissibility of its prospective use. The subject property is considered by governmental officials to be an eligible site for residential and commercial uses typically evident within an established and dynamic urban central business district.

The second constraint imposed on its possible use is dictated by the physical aspects of the land itself. The subject is an irregular, but generally rectangular multi-acre development site which is comprised of 4 non-contiguous sections within 5 legally defined parcels. Approximately 46.32% (3.7828 acres) of the site is intersected by an active railroad right-of-way and 80% to 85%+/- is situated within a designated flood plain.

The physical dynamics of the site restricts its primary development to the air/development rights within vertical plane situated 27+/- feet above the track. Nonetheless, this feature creates a contiguous multi-acre development site concomitant with its elevated street crossings. Lastly, it is reported to be accessible to all private and municipal utility services.

Compatibility with existing surrounding land uses is also an important physical consideration for a harmonious development. Our discussion of the immediate neighborhood indicates an established, diverse and upwardly trending residential and commercial quadrant of Center City Philadelphia. It is considered to be experiencing a long term upward trend. As such, it is our opinion that mixed use residential and commercial uses would be legally conforming and compatible with the surrounding land uses based on its location.

Sustained market demand for multi-family residential land uses under rental and condominium ownership has been clearly evident within Center City Philadelphia. This demand has been occurring concomitant with a sustained growth in the middle to upper middle income segment of the population due to the reemergence of Center City as desirable "24 hour" city. The availability of attractive city tax abatements has also been a major catalyst in this sustained development.

Erratic market demand and competitive market conditions have been evident over the past decade within the commercial office market. Nonetheless, market conditions are improving and subsidized new development is occurring concomitant with extensive pre-leasing activity.

Therefore, it is our opinion that the highest and best use of the subject property under appraisal as vacant, is for its future development under an approved master plan into a mixed residential and commercial complex constructed to its maximum allowable density.

This long term development is projected to occur concomitant with the implementation of all city and state governmental abatements and extensive pre-leasing activity within the commercial office component.

Our opinions and conclusions can be further quantified through the following Land Residual Analysis.

A Residual Technique is a broadly defined term which is used to quantify the remaining balance in an appraisal procedure in which known components of value are accounted for, thus solving for the remaining quantity.

This analysis is based on a static model with no consideration for physical density and the time value of money. It is simply an exercise to quantify the potential unit return as a dollar per square foot of rentable/saleable area under current market criteria. It is presented to further reflect the potential for wide disparities in the indicated residual unit values based on fluctuations in the input criteria.

A summary of our input criteria is as follows in current dollars based on a dollar per square foot of rentable/saleable area: General Criteria, Office Component and Residential Component.

General Criteria

- The cost of development of the elevated plane is estimated at $25.00 per square foot based on discussions with the planning and design professionals retained by the prospective ownership.
- Entrepreneurial profit of 12.5% is projected accordingly as an average of 10% to 15%.
- The present value of the city tax abatement is estimated at $30.00 per square foot.
- The following analysis is not reflective of any other grants, designations and/or entitlements through governmental authorities (K.O.I.Z., public transportation, et al.)

Office Component:

- A stabilized market value of $400.00 per square foot is employed. This estimate is based on the reported unit sale price of the Comcast Center at 1701 J.F.K. Boulevard from Liberty Property Trust to a German investment group. This asset is currently under development.
- The hard and soft cost of development is estimated at $375.00 per square foot based on our market research.

Residential Component

- A stabilized market value ranging from $500 to $600 per square foot is employed. This estimate is based on the current general unit pricing level under condominium ownership based on our market research.
- The hard and soft cost of development is estimated at $450.00 per square foot based on our market research.

Conclusions

The preceding economic criteria, summarized as follows, suggests that an extensively pre-leased office development is not financially feasible without additional financial incentives

through governmental authorities. In addition, economic feasibility within the residential requires that unit sale prices must average in excess of $500+ per square foot.

An 8.1671+/- Acre Development Site - "River City"
Land Residual Analysis As $ Per Sq. Ft. of Rentable/Saleable Area - STATIC

		Office Component	Residential Component				
		1	2A		2B		
Prospective Stabilized Market Value		$400.00	$500.00	to	$600.00		Prospective Stabilized Market Value
Projected Cost of Elevated Plane		$25.00	$25.00		$25.00		Projected Cost of Elevated Plane
Cost of Development (Direct & Indirect)		375.00	450.00		450.00		
Sub-Total Costs of Deveopment		$400.00	$475.00		$475.00		
Plus: Entreprenurial Profit (10% to 15%) @	12.5%	50.00	59.38		59.38	12.5%	Plus: Entreprenurial Profit (10% to 15%) @
Development Costs	Sub-Total	$450.00	$534.38		$534.38	Sub-Total	Development Costs
Residual Net Profit	Sub-Total	-$50.00	-$34.38		$65.63	Sub-Total	Residual Net Profit
Plus							Plus:
Present Value of Future Tax Abatement		$30.00	$30.00		$30.00		Present Value of Future Tax Abatement
Equals							Equals.
Indicated Residual Return To Land		-$20.00	-$4.38		$95.63		Indicated Residual Return To Land

Compiled by Cushman & Wakefield of PA Inc

The preceding compilation reflects the potential for wide fluctuations in unit land values based on use and density. The weighted average unit value ranges from -$10.82 to $47.91 per square foot of rentable/saleable area based on the proportionate share allocation.

An 8.1671+/- Acre Development Site - "River City"
Summary Of Land Residual - STATIC Analysis

Component	Proportionate Share Of Est. Rentable/ Saleable Area (Sq.Ft.)	As A %	Indicated Average Per Component Low	High	Blended Average Based on Proportonate Share Rentable/ Saleable Area Low	High
Office	4,240,000	41.3%	-$20.00	-$20.00	-$8.25	-$8.25
Residential	6,035,000	58.7%	-$4.38	$95.63	-2.57	56.17
Total	10,275,000	100.0%			-$10.82	$47.91

Compiled by Cushman & Wakefield of PA. Inc.

In conclusion, it is our opinion that our estimated As Is Market Value ($77,000,000) is considered to be generally reasonable since the corresponding unit values based on density are consistent with the lower end of the range and reflective of the inherent risks in such a project.

These corresponding unit values range from $7.49 to $10.11 per square foot based on the projected allowable rentable/saleable residential and commercial area of the prospective ownership (10,275,000 square feet) and the standard computations (7,619,442+/- square feet), respectively. Please reference our Land Valuation for a summary of the aforementioned compilation.

Methodology

There are three generally accepted approaches available in developing an opinion of value: the Cost, Sales Comparison and Income Capitalization approaches. We have considered and analyzed each in this appraisal to develop an opinion of the market value of the subject property, because this is a complete appraisal. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. Each approach is discussed below, and applicability to the subject property is briefly addressed in the following summary.

Land Value

Developing an opinion of land value is typically accomplished via the Sales Comparison Approach by analyzing sites of comparable utility adjusted for differences, to indicate a value for the subject parcel. Valuation is typically accomplished using a unit of comparison such as price per square foot or acre. Adjustments are applied to the units of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive a total value.

The reliability of this approach is dependent upon (a) the availability of comparable sales data; (b) the verification of the sales data; (c) the degree of comparability; (d) the absence of non-typical conditions affecting the sales price.

Cost Approach

The Cost Approach is based upon the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land; or when relatively unique or specialized improvements are located on the site, for which there exist few sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added for a total value.

Sales Comparison Approach

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is typically accomplished using a unit of comparison such as price per square foot, effective gross income multiplier or net income multiplier. Adjustments are applied to the units of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive a total value.

The reliability of this approach is dependent upon (a) the availability of comparable sales data; (b) the verification of the sales data; (c) the degree of comparability; (d) the absence of non-typical conditions affecting the sales price.

Income Capitalization Approach

This approach first determines the income-producing capacity of a property by utilizing contract rents on leases in place and by estimating market rent from rental activity at competing properties. Deductions then are made for vacancy and collection loss and operating expenses. The resulting net operating income is capitalized at an overall capitalization rate to derive an

opinion of value. The capitalization rate represents the relationship between net operating income and value.

Related to the Direct Capitalization Method is the Discounted Cash Flow Method. In this method, periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

The reliability of the Income Capitalization Approach depends upon whether investors actively purchase the subject property type for income potential, as well as the quality and quantity of available income and expense data from comparable investments.

Reconciliation

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

Approaches Employed Within This Analysis

This appraisal employs the Sales Comparison Approach for the valuation of the land as though vacant and unencumbered. The Cost Approach and the Income Capitalization Approach are not considered to be appropriate for this analysis. Thus, these 2 approaches are not employed.

SALES COMPARISON APPROACH - LAND VALUATION

The Sales Comparison Approach is employed to develop an opinion of land value. In this method, we analyzed prices buyers have recently paid for similar sites in this area, as well as examined current offerings. In making comparisons, we adjusted the sale prices for differences between this site and the comparable sites. We present on the following pages a summary of pertinent details of sites recently sold that we compared to the site appraised.

Real estate developers make qualitative and quantitative judgments in the acquisition of a site with development potential such as the subject property. Subjectively, a developer considers the nature of surrounding land uses and proximity to complimentary services to a potential project. Objectively, the physical and functional attributes of the site, and the cost of preparing it for construction must be calculated. Lying between these two considerations are the many aesthetic and economic factors which come to influence the final product.

The major elements of comparison for analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, .the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

Land Valuation

A search of current sales activity has identified 5 current arms length sales of commercial sites within the influencing market. Our compilation along with a map are summarized and discussed as follows.

<u>Methodology Employed</u>

Our compilation of sales are analyzed on the basis of sale price per square foot of lot area. This is employed as representative of the primary method of analysis within the influencing market area.

An analysis was considered on a unit value per square foot of "as of right" allowable building area (F.A.R.) under the city zoning code, however, this criteria was not utilized. This decision reflects the generally recognized subjectiveness and ambiguity of the city zoning code which enables the city to assert strong influence over development.

SALES COMPARISON APPROACH - LAND VALUATION

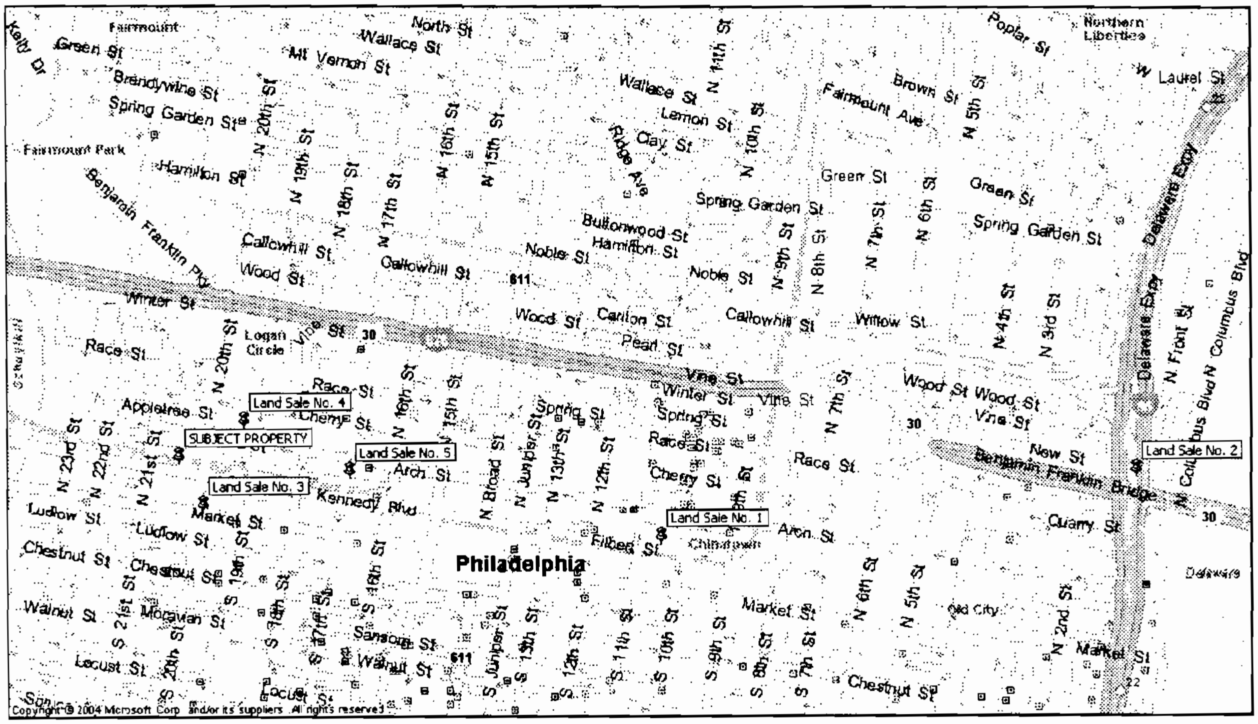
SUMMARY OF COMMERCIAL LAND SALES

No.	Location	Grantor Grantee	Sale Price Date	Site SqFt Site Acres	Zoning Unit Density Utility*	Public Utilities	$/SqFt $/Units $/Acre	COMMENTS
1	1001-1045 Filbert Street, N/S bet. 10th and 11th Streets, extending through to Cuthbert Street	Rubin Family Interests	$8,000 000	47 480	C-5, Commercial	All private & municipal	$168 49	Blockfront development site encumbered by Greyhound under a multi-year land lease with a remaining term of 11 years The property, utilized as a bus depot, is improved with a 1-story customer service center and bus maintenance facility (47,480 square feet) The site is situated within an expanding Chinatown commercial area and an expanding Pa Convention center area
	East of Broad Street/Chinatown	To	Closed				N A	
	City of Philadelphia Pa	Confidential	6/06	1 0900 Ac	Good		$7 339,450	
2	230-250 North Columbus Boulevard, W/S bet Vine & Water Streets and the Ben Franklin Bridge	Multiple Assemblage	$9,500,000	54 380	C-4 Commercial	All private & municipal	$174 70	The represents the assemblage for Marina View Towers by a California developer now residing within the region The property as envisioned will contain (182) luxury 1-, 2- and 3-bedroom units and 15,000 sq ft. of commercial space within a 30-story structure along with structured parking
	Penn's Landing Area	To	Closed		247 500		$38 38	
	City of Philadelphia, Pa	Marinaview Properties L.P	6/05	1 2484 Ac	Good		$7 609,783	
3	1919-1943 Market Street, NW/C of North 20th Street	The 1919 Trust	$8,900 000	33,556 SF	C - 5 Commercial	All private & municipal	$265 23	Development site assembled during the 1990s and held over the past decade by the former mortgagee (Japanese bank) The site was acquired for development of a mixed use luxury residential and retail building with structured parking
	West of Broad Street Area	To	Closed		N A			
	Center City Philadelphia Pa	Opus Philadelphia, LLC	3/05	0 7703 Ac	Excellent		$11 553,340	
4	1900-1902 & 1912-1920 Arch Street S/S extending through to Cuthbert Street, bet North 19th & 20th Streets	Multiple Assemblage	$3,350,000	19,698 SF	C - 4 Commercial	All private & municipal	$170 07	This represents an assemblage which began during C Y 2002 and continues to date The blockfront is under assemblage for the future development of a modern luxury residential building
	West of Broad Street Area	To	Closed		N A			
	Center City Philadelphia Pa	Philadelphia Management	10/04	0 4522 Ac	Good		$7 408,226	
5	1701-1739 J F K Blvd	Lend Lease	$26,000,000	98,753	C-5, Commercial	All private & municipal	$263 28	Acquired vacant for speculative development of 2 Class A office buildings containing 1 5+/- million square feet Site was subsequently expanded through the official closing of Cuthbert Street
	Blockfront site bet N17 & 18th Sts Extending through to Cuthbert Street and Arch Street, West of Broad Area	To	Closed		1,504 500		$17 28	
	Center City Philadelphia Pa	Liberty Property Trust	12/00	2 2671 Ac	Excellent		$11,468,598	

	Price Date	Site SqFt Site Acres	Zoning Utility*	Public Utilities	$/SqFt $/Acre
Survey Low	$3,350,000	19,698 SF	N/A	N/A	$168 49
Survey High	$26,000,000	98,753 SF	N/A	N/A	$265 23
Average	$11,150,000	50,773 SF	N/A	N/A	$208.35
Survey Low	12/00	0 4522 Ac	N/A	N/A	$7,339,450
Survey High	6/06	2 2671 Ac	N/A	N/A	$11,553,340
Average	7/04	1 1656 Ac	N/A	N/A	$9,075 879
Subject Property		355 758	C-5 & RC4	All	N/A
		8 1671	Excellent		N/A

*Utility includes shape access frontage and visibility

MAP OF LAND SALES



Overview of Land Sales

The most recent relevant sales activity has been identified and selected for analysis. The unadjusted unit values range from $168.49 to $265.23 per square foot of lot area with median and mean unit values of $174.70 and $208.35 per square foot, respectively.

Land Sale No. 1 ($168.49 per square foot)

This is a June, 2006 cash sale of a 100% interest in the Leased Fee Estate in a contiguous blockfront site which contains 47,480+/- square feet (1.09 acres). The property encompasses the northerly side of Filbert Street, between North 10th and 11th Streets, extending through to Cuthbert Street. It is situated within a C-5 commercial district within the Chinatown section of the East Of Broad area of Center City Philadelphia.

The site was acquired subject to a leasehold estate with Greyhound with a remaining final term of 11+/- years under an original land lease dated circa C.Y. 1990. The existing encumbrance is reported to be under market. The site is utilized as a central bus terminal and contains a dual customer service/service facility within 47,480+/- square feet of building area.

The site is situated within a dynamic area comprised of an expanding Chinatown residential and commercial area and Convention Center area. The buyer, reported to be confidential at this time, will likely incur additional costs if it desires to eliminate the existing leasehold estate.

Land Sale No. 2 ($174.70 per square foot)

This is a June, 2005 conventionally financed sale of a 100% interest in the Fee Simple Estate in a contiguous site which contains 54,380+/- square feet (1.2484 acres). The property encompasses the westerly side of North Columbus Boulevard, between Vine Street (N) and the Ben Franklin Bridge (S), extending through to Summer Street. It is situated within a C-4 commercial district within the Penn's Landing section of the City of Philadelphia.

The site, which was primarily vacant and available for development at the time of sale, was acquired through assemblage for development of the well publicized project identified as Marina View Towers. The project as envisioned will be a 30-story luxury residential condominium community comprised of structured parking, 15,000 square feet of retail/commercial space and (182) 1-, 2- and 3-bedroom units. Development is projected to be completed over the next 2 years.

Land Sale No. 3 ($265.23 per square foot)

This is a March, 2005 conventionally financed sale of a 100% interest in a site which contains 33,556+/- square feet (0.7703 acres). The property encompasses the northeast corner of Market and North 20th Streets. It is situated within a C-5 commercial district within the West of Broad area of Center City Philadelphia.

The site was acquired by a national investor (Opus) for development of a mixed use retail and luxury residential building (325 units) with structured parking. The site, which is vacant and available for development, was sold by the mortgagee (Japanese financial institution) which had acquired the property during the late 1980s through foreclosure.

Land Sale No. 4 ($170.07 per square foot)

This is the October, 2002 through 2004 conventionally financed assemblage of a 100% interest in multiple partially contiguous sites which contain a grand total to date of 19,698+/- square feet

(0.4522 acres). The site encompasses the southerly side of Arch Street, between North 19th and 20th Streets, extending through to Cuthbert Street. It is situated within a C-4 commercial district within the West of Broad area and northwest quadrant of Center City Philadelphia, PA.

The site is under assemblage by a regional developer for future redevelopment into a mixed use retail and residential facility. The site is improved with older low rise commercial buildings which are considered to be at the end of their economic life. The reported cost of acquisition has also been adjusted to reflect an additional $350,000 in demolition costs.

Land Sale No. 5 ($263.28 per square foot)

This is a December, 2000 cash sale of a 100% interest in a site which contains 98,753+/- square feet (2.2671 acres) of which 39%+/- represents the air/development rights within a vertical plane situated above the concourse of Suburban Station.

The overall site encompasses the northerly side of John F. Kennedy Boulevard, between North 17th and 18th Streets, extending through to Arch Street. It is further situated within a C-5 commercial district within the West of Broad office sub-market and the northwest quadrant of Center City Philadelphia.

The property was acquired for the well publicized development by Liberty Property Trust of (2) Class A office buildings (1.5+/- million square feet) interconnecting with Suburban Station. The project is currently well underway through a long term lease with the Comcast Corporation for 872,625+/- square feet within a 57-story state-of-the-art Class A "trophy" commercial office building. Completion of Comcast Center is now projected to occur during the Fourth Quarter of C.Y. 2007.

Explanation of Land Sale Adjustments

Adjustments to the comparable land sales were considered for each of the following factors of comparison.

Property Rights Conveyed

The first item of comparison between the subject site and the comparable sales is for property rights conveyed.

The property rights of the subject property under appraisal are projected to represent the Fee Simple Estate subject to an easement for a railroad right of way with the regional transportation authority. The existing easement restricts the future development of 46.32% of the aggregate site to the air/development rights within a vertical plane situated above the SEPTA railroad right-of-way.

Sale No. 1 reflects the conveyance of the Leased Fee Estate subject to an exiting land lease with a remaining term of 11+ years from the date of sale. The relationship between the Leased Fee and Leasehold Estates will likely preclude any near term redevelopment without a very expensive buyout. A large buyout is considered likely since the property is utilized as a very active bus terminal by Greyhound and other private bus transportation companies.

Sale No. 1 is considered to be inferior as compared with the subject property since it can not be developed under the current relationship without an additional payment. The subject property has inherent limitations, however, it is exclusive of any leasehold estate issues. Sale No. 1 is adjusted upward.

Sales Nos. 2, 3 and 4 each represents the transfer of a Fee Simple Estate and the accompanying "full bundle of rights". This relationship is considered to be superior as compared with the subject property, thus downward adjustments are required.

Sale No. 5 contains slightly less than the full bundle of rights due to the fact that it is partially situated within the air/development rights of a vertical plane located above Suburban Station. Sale No. 5 is considered to be equal as compared with the subject property, no adjustment is required.

Financing Terms

The second element of comparison between the subject site and each of the actual sales is the financing terms of the transaction. Market financing assumes that consideration was in the form of cash, or cash and mortgage debt at generally available rates.

Each of the land sales used in this analysis was confirmed as an exchange of all cash to the seller. Based upon the definition of market value used in this appraisal, it is assumed that the subject site would sell for all cash. Accordingly, no adjustments are required.

Conditions of Sale

A transaction that has not legally closed does not always reflect the actual market value of the property and, therefore, must be appropriately adjusted. Sale Nos. 1-5 represent closed arm's-length transactions; therefore, no adjustments are required.

Market Conditions (Time)

The analyzed sales occurred between December, 2000 and the present. It is our opinion that adjustment is required for Sale Nos. 2-5 since values appear to have begun trending higher over the last year.

Location

The location, access, and visibility of a development site are the primary determinants of its market value. Locational adjustments are based on our research, knowledge, and observations of the city market.

The subject property is conveniently situated within the northwestern quadrant of Center City Philadelphia. It current represents a physical buffer between a developing residential/educational/tourist area to the north, and the perimeter of the West of Broad office sub-market to the west. Development is currently occurring within both north and south areas.

Sale Nos. 1 and 4 are considered to be generally equal as compared with the subject property, thus no adjustments are required. Sale No. 1 is situated within a developing area within the Chinatown/Convention Center. Sale No. 4 is situated in proximity of the subject property within a developing residential area.

Sale No. 2 is considered to be inferior in location as compared with the subject property, thus an upward adjustment. Sale No. 2 similarly represents a developing area within the Penn's Landing/Delaware River area, however, its perimeter location requires an adjustment in our opinion.

Sale Nos. 3 and 5 are considered to be superior in location as compared with the subject property, thus downward adjustments are required. It is generally accepted that market values decline proceeding west within the West of Broad office sub-market.

Physical Traits

The shape, access, exposure, topography and utilities provided at a site will affect the sale price. This adjustment is typically based on the expected principle that when physical characteristics are equal larger parcels of land within an established higher density urban area will typically sell at a higher unit price than a smaller site. The opposite is typically evident within lower density suburban and rural areas.

This adjustment within an urban area is attributed to the fact that larger sites typically require a pro-longed period of assemblage, thus are more valuable while also permitting a greater flexibility in layout and design. These dynamics provide for a more favorable allocation of development expenses. It is typically employed within the generally recognized boundaries of Center City Philadelphia.

Conversely, the adjustment within a non-urban area is attributed to the fact that larger sites, which are typically more available, require a more extensive infrastructure (utility hookups, interior roads and parking). Further, the larger site will typically incur significantly greater governmental scrutiny during the approval process.

It is our opinion that the subject property effectively reflects the physical characteristics for both urban and non-urban areas. Our rationale is summarized as follows.

Urban Area: The subject property is comprised of (4) non-contiguous sections (.63 to 4.80+/- acres) which must be interconnected through an intricate elevated plane extending above an active railroad right-of-way. The aggregate cost of the infrastructure does not, however, have to be immediately invested as is typical within a single development site.

The layout of the subject property will require a basic infrastructure investment, however, the remaining infrastructure will not require its final investment until that time market conditions dictate development of the individual sections.

Non-Urban Area: The subject property is comprised of 8.1671+/- acres within (4) non-contiguous sections. The highest and best use of the aggregate land can only be achieved through an intricate elevated plane. Further, 80% to 85% of the aggregate site is contained within a designated flood plain.

The physical challenges of a development of this scope and magnitude are truly unique as compared with our sales activity. It is highly likely that the project will incur intense scrutiny and oversight by the transportation authority, the city and the local community. Also considered likely is the added scrutiny of the State Department of Transportation due to the likely impact of this project on the interstate highway intersecting the immediate area.

Consequently, it is our opinion that nominal adjustments are considered to be necessary. As such, Sale Nos. 1, 2, 3 and 5 are considered to be superior as compared with the subject property, thus downward adjustments are required. Sale No. 4 is comprised of non-contiguous components under assemblage, no adjustment is considered to be required.

Economic Characteristics

The public restrictions of zoning and the private restrictions by deed can affect a site's sale price when they are either overly liberal or highly conservative relative to the general markets.

The subject property under appraisal is currently situated within a dual zoning district (63.11%+/- within a C-5 Commercial District, 36.89%+/- within a RC-4, Residential District.)

These two zoning districts are considered to be the most flexible and advantageous for the widest uses and highest bulk densities within the City of Philadelphia.

Sale Nos. 1, 3 and 5 are considered to be equal as compared with the subject property, no adjustments are required. Sale Nos. 2 and 4 are located within areas designated for lower density development as compared with the subject property, thus upward adjustments are required.

The preceding discussion is summarized as follows.

LAND SALE ADJUSTMENT GRID

		Economic Adjustments (Cumulative)					Property Characteristic Adjustments (Additive)				
No.	$/Sq.Ft. Date	Property Rights Conveyed	Financing & Conditions of Sale	Exp. After Purchase	Market* Conditions	Subtotal	Location	Physical	Economic	Adj. $/Unit	Overall
1	$168.49 6/06	Leased Fee 25.0%	Arms-Length 0.0%	None 0.0%	Similar 0.0%	$210.61 25.0%	Similar 0.0%	Superior -5.0%	Similar 0.0%	$200.08 -5.0%	Superior
2	$174.70 6/05	Fee Simple/Mkt -10.0%	Arms-Length 0.0%	None 0.0%	Inferior 5.0%	$165.09 -5.5%	Inferior 10.0%	Superior -5.0%	Inferior 10.0%	$189.85 15.0%	Inferior
3	$265.23 3/05	Fee Simple/Mkt -10.0%	Arms-Length 0.0%	None 0.0%	Inferior 5.0%	$250.64 -5.5%	Superior -5.0%	Superior -5.0%	Similar 0.0%	$225.58 -10.0%	Superior
4	$170.07 10/04	Fee Simple/Mkt -10.0%	Arms-Length 0.0%	None 0.0%	Inferior 5.0%	$160.72 -5.5%	Similar 0.0%	Similar 0.0%	Inferior 10.0%	$176.79 10.0%	Inferior
5	$263.28 12/00	Fee Simple/Mkt 0.0%	Arms-Length 0.0%	None 0.0%	Inferior 5.0%	$276.45 5.0%	Superior -10.0%	Superior -5.0%	Similar 0.0%	$234.98 -15.0%	Superior

Land Value Conclusion

Five closed sales within the influencing market have been identified and selected for analysis. Each sale has been adjusted for property rights, financing, conditions of sale, time, location, physical and economics.

The adjusted unit values reflect a relatively narrow range from $176.79 to $234.98 per square foot of lot area with median and mean unit values of $200.08 and $205.46 per square foot, respectively.

Sale No. 3 ($225.58 per square foot as adjusted), Sale No. 4 ($176.79 per square foot as adjusted) and Sale No. 5 ($234.98 per square foot as adjusted) are considered to be most relevant based on proximity to the subject property.

A unit value in the range of $210.00 to $225.00 per square foot lot area is estimated based on the investment qualities of the subject property. Our estimate is considered to be reasonable and consistent with current sales activity relative to the unique investment qualities of the subject property.

Our estimate further equates to unit values which range from $7.49 to $10.11 per square foot based on the projected allowable rentable/saleable residential and commercial area of the prospective ownership (10,275,000 square feet) and the standard computations (7,619,442+/- square feet), respectively.

Estimated Value of Underlying Land

Aggregate Lot Area (Sq.Ft.)		Unit Price $ Per Sq.Ft.		Indicated Market Value LAND
355,758	X	$210.00	=	$74,709,122
355,758	X	$225.00	=	$80,045,488
Rounded To		$216.44		$77,000,000
Projected Allowable Rentable/Saleable Area (Sq.Ft.)		Indicated Average Unit Price $ per SF		
Prospective Ownership 10,275,000		$7.49		$77,000,000
Standard Calculation (1) 7,619,442		$10.11		$77,000,000

(1) Standard calculations under city zoning criteria.
Projections by Cushman & Wakefield of Pennsylvania, Inc.

As Is Market Value

The As Is Market Value of the Fee Simple Estate subject to an easement for a railroad right of way with the regional transportation authority as of our date of appraisal is $77,000,000 (rounded). The aforementioned, summarized as follows, is considered to be consistent with current sales activity.

Valuation Methodology Review and Reconciliation

The 3 approaches to value employed within this analysis are summarized as follows.

Summary of 3 Approaches To Value

Approach	As Is Market Value	$ /Sq.Ft.
Cost Approach	N.A.	
Sales Comparison Approach	$77,000,000	$216.44
Income Capitalization Approach	N.A.	
Estimated Final Value	**$77,000,000**	**$216.44**

The Cost Approach renders a conclusion of value based upon the price of obtaining a site and constructing improvements, both with equal desirability and utility as that of the subject property.

The Sales Comparison Approach renders a conclusion of value based upon the competitive prices at which an equally desirable substitute property can be acquired in the open market.

The Income Capitalization Approach renders a conclusion of value based upon the present worth of the potential future benefits derived from ownership of the real estate.

It is our opinion that the Sales Comparison Approach best reflects the investment characteristics of the underlying value of the land which comprises the subject property.

Thus, it is our opinion, based upon the preceding analysis and conclusions, that the As Is Market Value of the Fee Simple Estate in the subject property subject to an easement for a railroad right of way with the regional transportation authority as of August 1, 2006 is as follows:

As Is Market Value Before Deductions As Of August 1, 2006

SEVENTY SEVEN MILLION DOLLARS

($77,000,000)

Our estimated As Is Market Value ($77,000,000) is significantly higher (54%, $27,000,000) than the reported cost of acquisition ($50,000,000). This relationship is, however, considered to be reasonable since, as discussed, the pending conveyance is not occurring consistent with the recognized definition of Market Value (definition follows).

The pending conveyance is not considered to be consistent with the definition of Market Value since the subject property has not been exposed to the market. This transaction is occurring as a privately negotiated conveyance without the use of outside brokers and marketing.

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

1. No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.

2. The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.

3. The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions.

4. The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent.

   Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).

5. Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.

6. The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.

7. The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural members or for the condition of mechanical equipment, plumbing or electrical components.

8. The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

9. The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.

10. Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

11. Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed.

12. If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.

13. In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.

14. If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.

15. At the Client's request, we have provided an insurable value estimate. The estimate is based on figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.

16. By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Extraordinary Assumptions

An extraordinary assumption is defined by the *USPAP* (2005 Edition, The Appraisal Foundation) as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

(1) The subject property was inspected on June 9, 2006, however, the existing conditions as of the inspection date are assumed to be similar to the date of value.

(2) A section of the subject property is currently operated as a short term parking lot by a professional operator. This analysis assumes that the operator is operating under a month-to-month operating lease with no leasehold estate.

Hypothetical Conditions

A hypothetical condition is defined by the *USPAP* (2005 Edition, The Appraisal Foundation) as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

This appraisal employs no hypothetical conditions.

CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
8. Daniel J. McNeil, MAI made a personal inspection of the property that is the subject of this report. Gerald B. McNamara, MAI, Managing Director, Valuation Services, Capital Markets Group, inspected the subject property, reviewed and approved this report.
9. No one provided significant real property appraisal assistance to the persons signing this report.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Daniel J. McNeil, MAI and Gerald B. McNamara, MAI have completed the continuing education program of the Appraisal Institute.

Daniel J. McNeil, MAI
Pennsylvania Certified General Appraiser
Certificate No. GA-001718-L

Gerald B. McNamara, MAI
Managing Director
Pennsylvania Certified General Appraiser
Certificate No. GA-000267-L

Addenda Contents

Gerald B. McNamara, MAI
Managing Director

CUSHMAN & WAKEFIELD.

Cushman & Wakefield of Pennsylvania, Inc.
1717 Arch Street, 30th Floor
Philadelphia, PA 19103
215-963-4075 Tel
215-569-8657 Fax
jerry.mcnamara@cushwake.com

May 18, 2006

Charles M. Naselsky
JFK ACQUISITION GP, LLP
1900 Market Street
Philadelphia PA, 19103

Re: **Development Property**
23rd St & JFK Boulevard
Philadelphia, PA

Dear Mr. Naselsky:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

TERMS OF ENGAGEMENT

The Parties To This Agreement:	Cushman & Wakefield of Pennsylvania, Inc. and JFK ACQUISITION GP, LLP (herein at times referred to as "Client").
Scope Of Work:	Complete Appraisal/Self-Contained format, which will be prepared by Cushman & Wakefield of Pennsylvania, Inc. (herein at times "C&W").
Rights Appraised:	Market value of the Fee Simple Interest.
Date Of Value:	First Date of Inspection
Property Appraised:	The property to be appraised is an 8.2± acre assemblage of land and air rights along the Schuylkill River extending to 20th Street plus air rights above an existing SEPTA right of way which runs parallel to JFK Boulevard in Philadelphia. It is reported that this site can support 11,931,000± square feet of above grade development by right.
Intended Users:	The appraisal will be prepared for JFK ACQUISITION GP, LLP and is intended only for its specified use. Client, together with its professionals, investors and potential lenders may consider the appraisal without further permission. It may not be distributed to or relied upon by other persons or entities without written permission of Cushman & Wakefield of Pennslyvania, Inc.
Intended Use:	Internal review by the Client
Anticipated Primary Methodology:	Sales Comparison Approach
Fee:	$15,000 on a lump sum basis. Payment is due upon submission of the final report.

Report Copies:	The final report will be delivered electronically, along with three (3) bound hard copies.
Start Date:	The appraisal process will initiate upon receipt of signed agreement.
Acceptance Date:	This proposal is subject to withdrawal if the engagement letter is not executed within four (4) business days.
Report Delivery:	Within thirty (30) days of receipt of your written authorization to proceed, assuming prompt receipt of necessary property information.
Further Conditions of Engagement	The *Conditions of Engagement* attached hereto are incorporated herein and are part of this letter of engagement. The report referred to herein is at times herein also referred to as the "appraisal".

Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,
CUSHMAN & WAKEFIELD OF PENNSYLVANIA, INC.

Gerald B. McNamara

Gerald B. McNamara, MAI
Managing Director

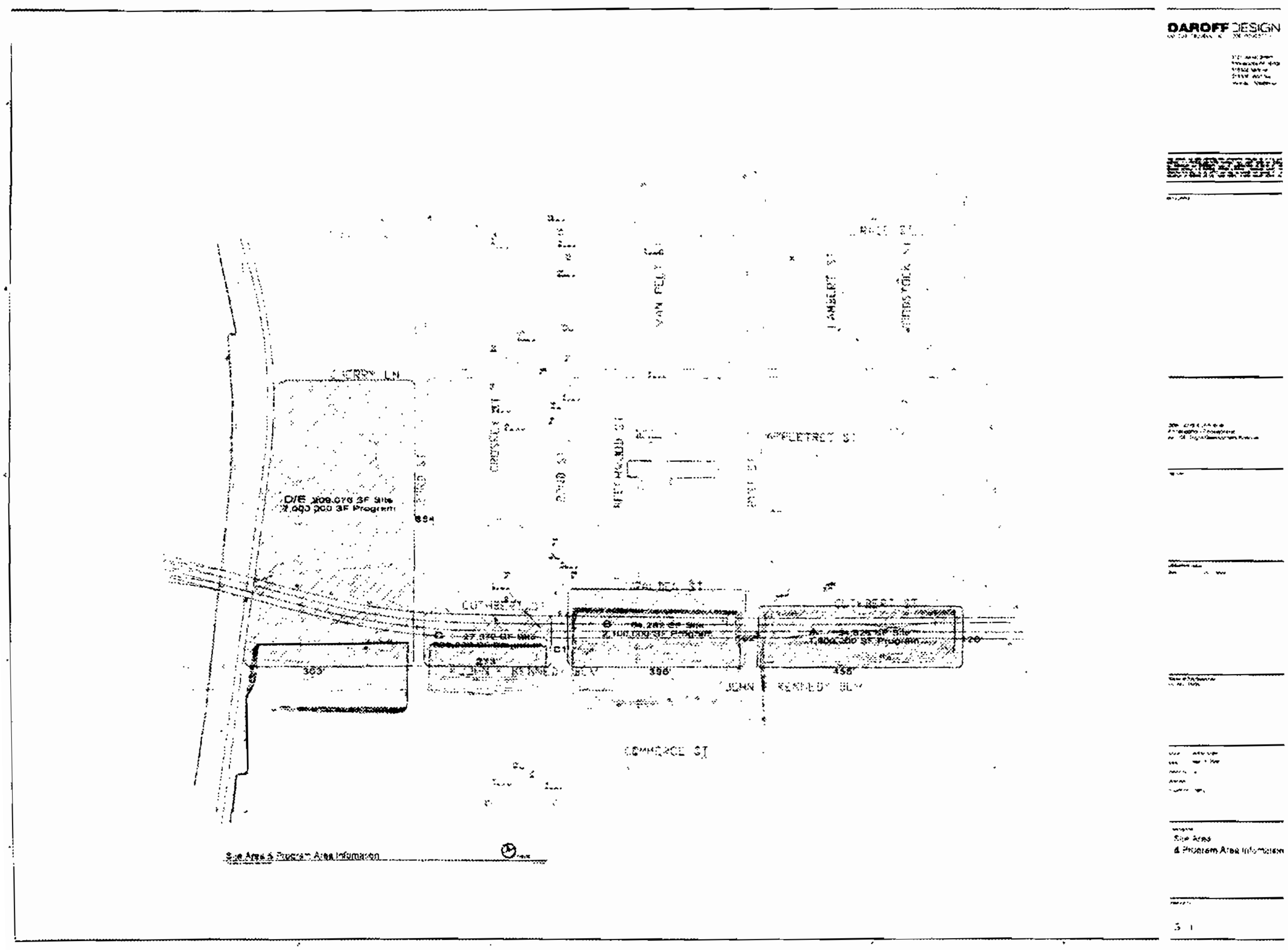
AGREED:
CLIENT: JFK ACQUISITION GP, LLP

By: Charles McNaselsky Date: 6-7-06
Charles M. Naselsky

Title: Attorney for client

E-mail Address/Phone & Fax Nos.: Phone: (215) 665-7240
Fax: (215) 665-2013
cnaselsky@cozen.com

CUSHMAN & WAKEFIELD.


DAROFF DESIGN
CHERRY LN
VAN PELT ST
LAMBERT ST
APPLETREE ST
CUTHBERT ST
JOHN F KENNEDY BLVD
COMMERCE ST
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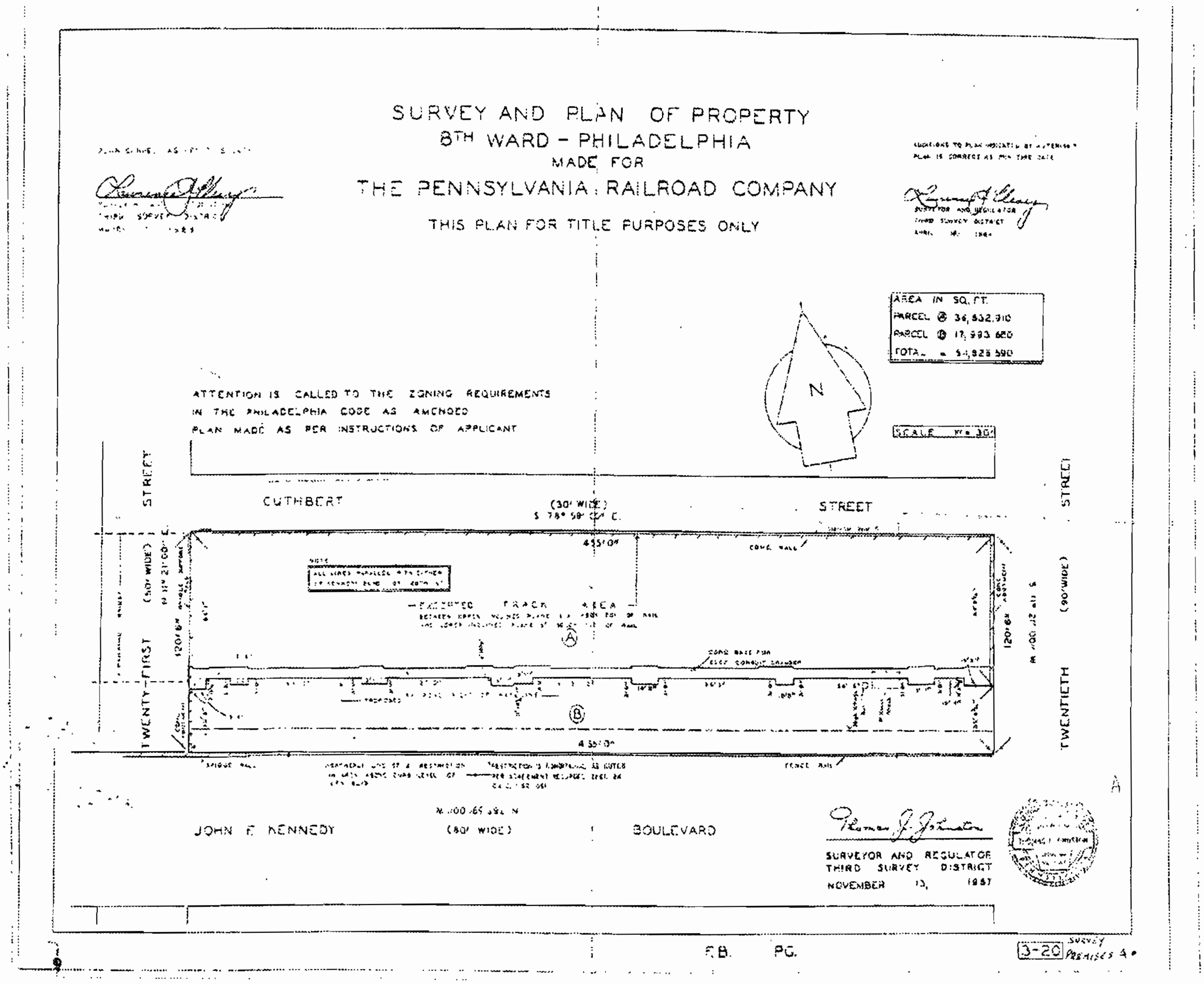
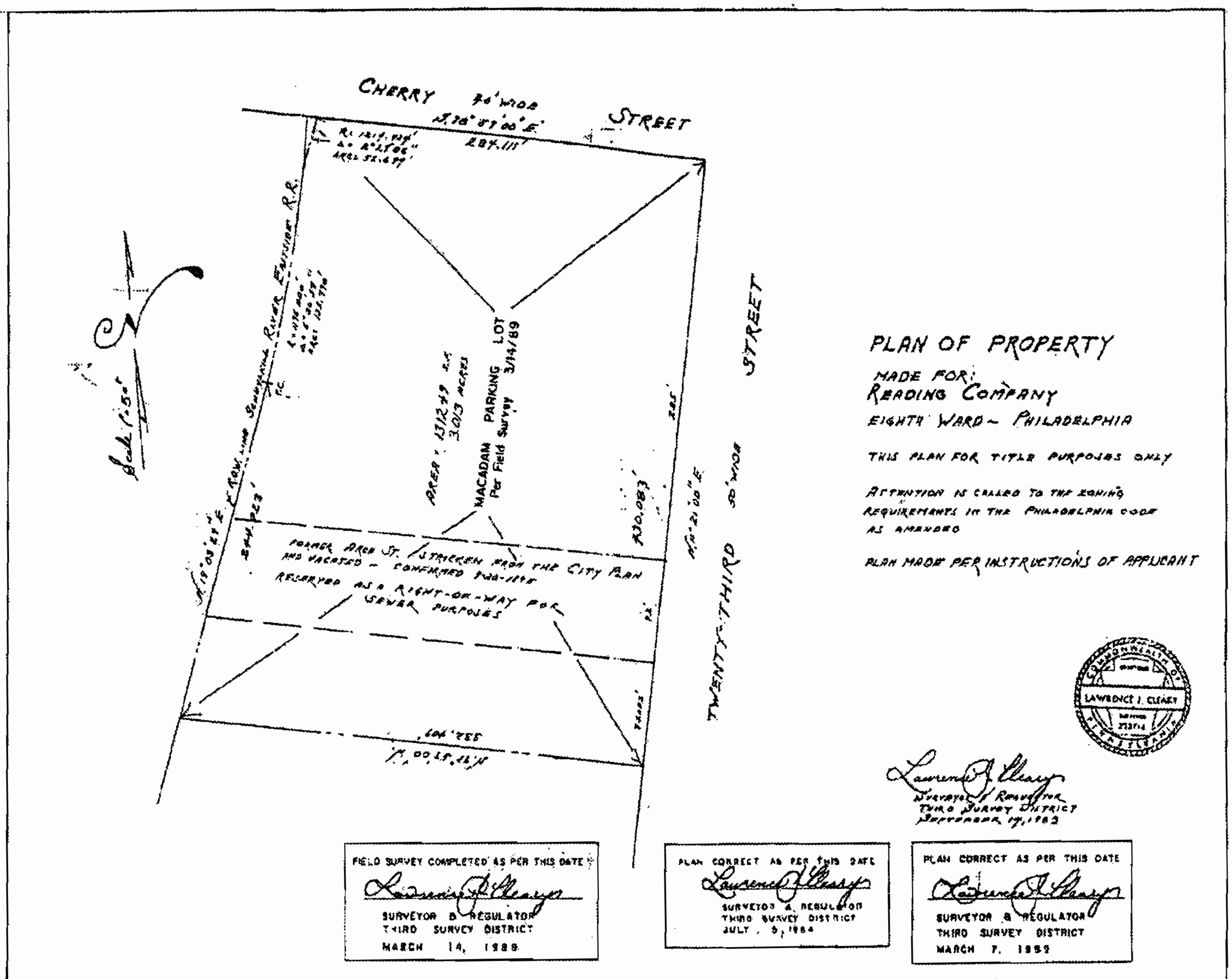
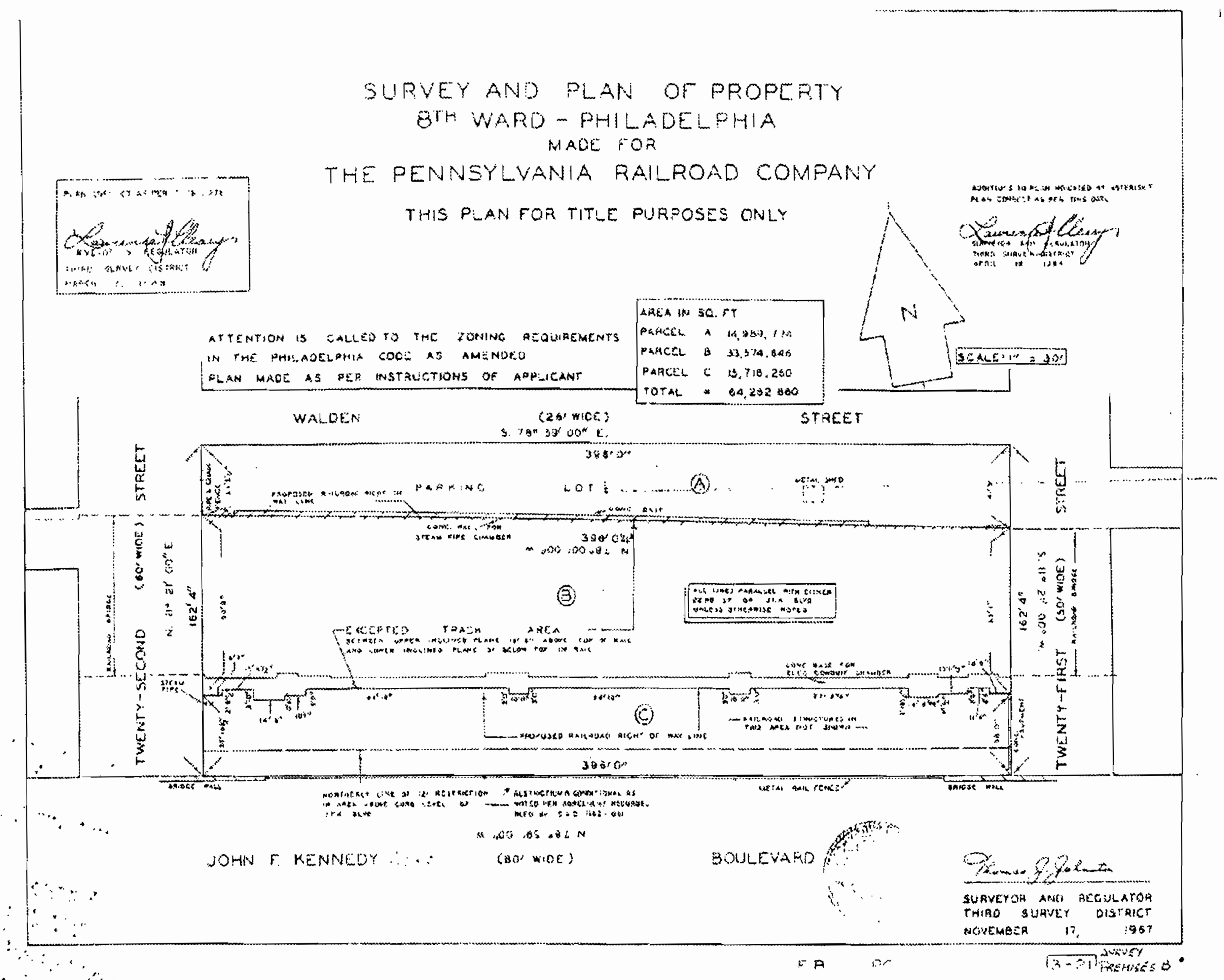
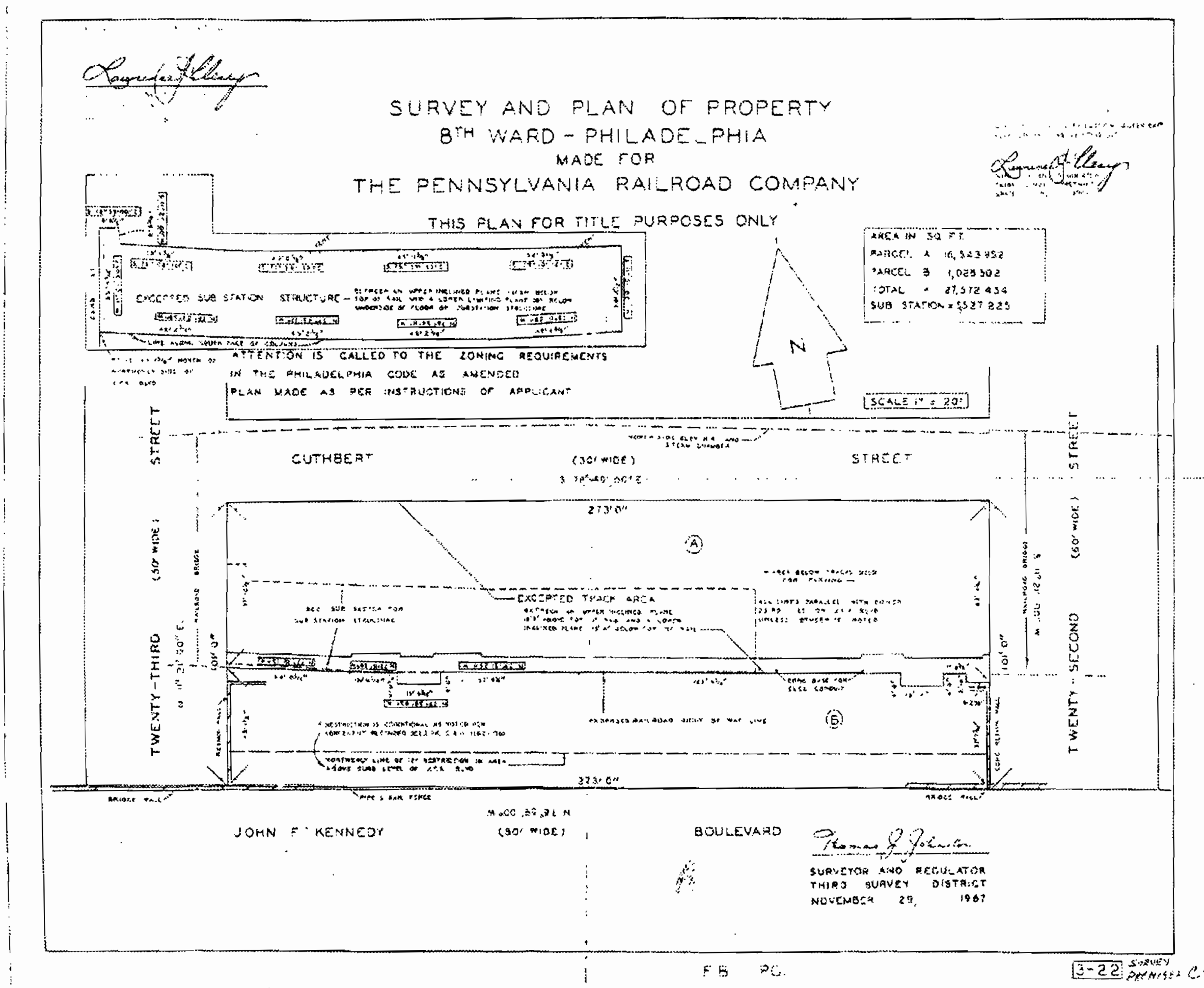
Site Area
& Program Area Information

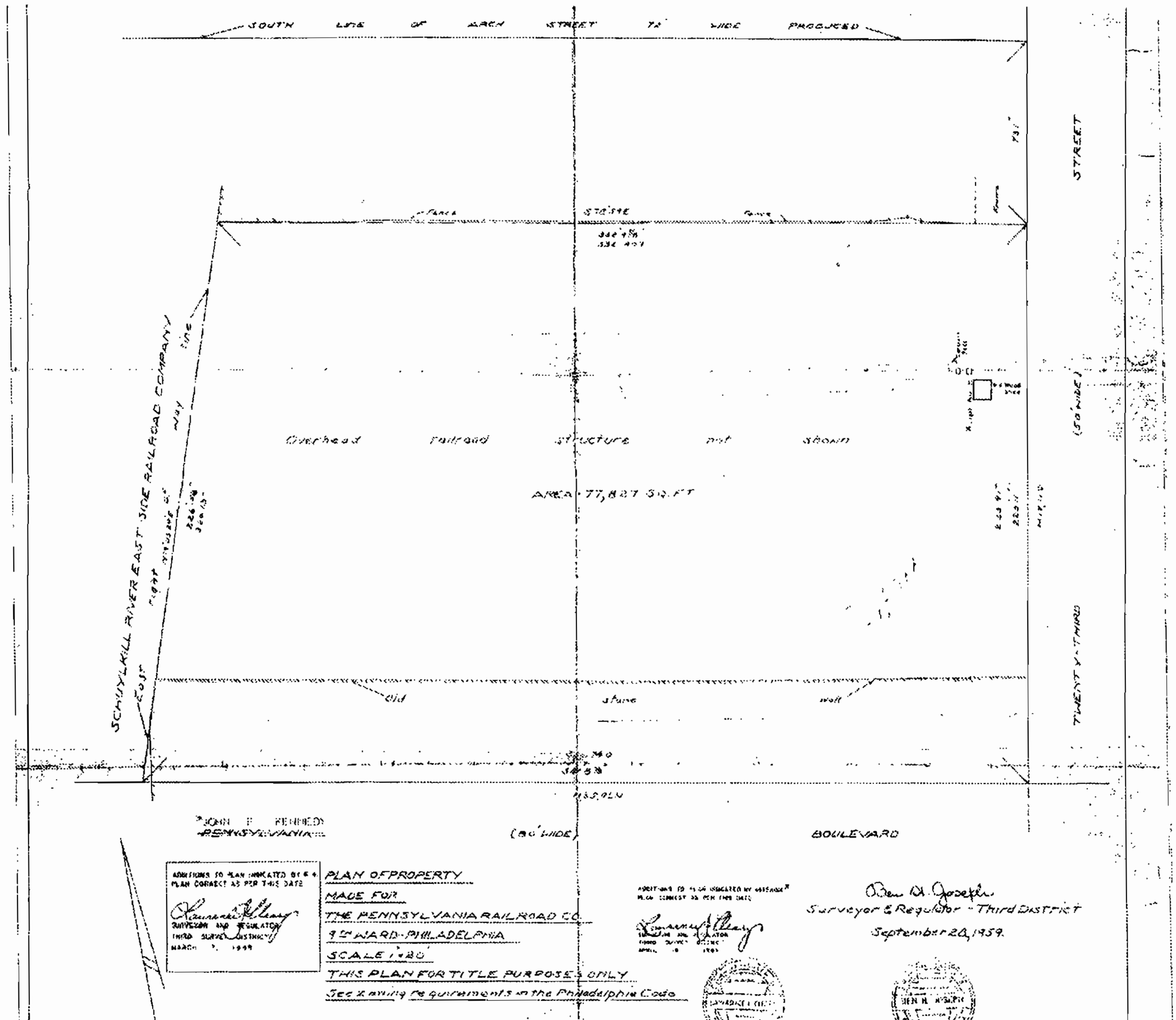

SURVEY AND PLAN OF PROPERTY
8TH WARD - PHILADELPHIA
MADE FOR
THE PENNSYLVANIA RAILROAD COMPANY
THIS PLAN FOR TITLE PURPOSES ONLY
ATTENTION IS CALLED TO THE ZONING REQUIREMENTS
IN THE PHILADELPHIA CODE AS AMENDED
PLAN MADE AS PER INSTRUCTIONS OF APPLICANT
AREA IN SQ. FT.
PARCEL Ⓐ 36,532,910
PARCEL Ⓑ 17,993.680
TOTAL = 54,926.590
N
CUTHBERT (30' WIDE) STREET
TWENTY-FIRST STREET
TWENTIETH STREET (90' WIDE)
JOHN F. KENNEDY (80' WIDE) BOULEVARD
Ⓐ
Ⓑ
EXCEPTED TRACK AREA
SURVEYOR AND REGULATOR
THIRD SURVEY DISTRICT
NOVEMBER 15, 1967
F.B. PG.
3-20

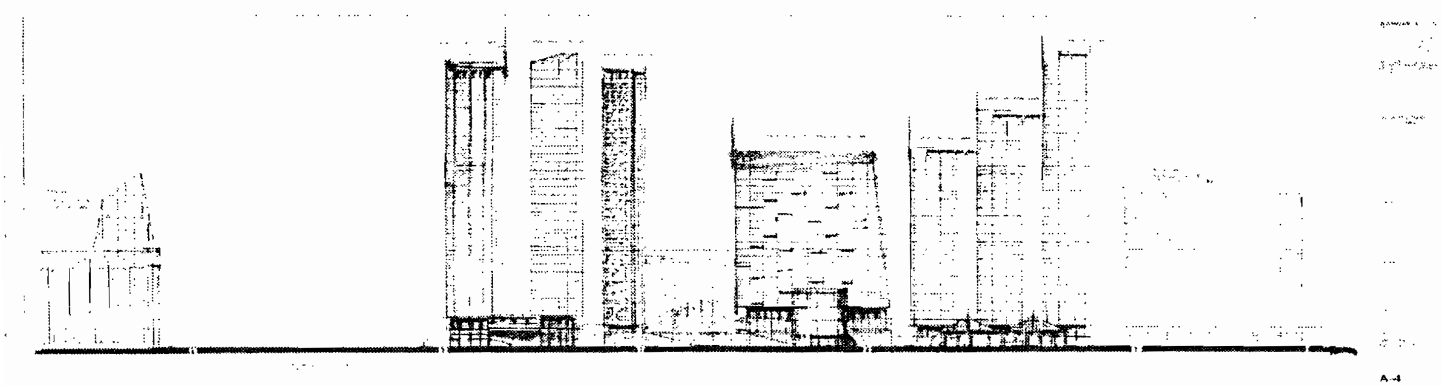

CHERRY 30' WIDE STREET
TWENTY-THIRD 50' WIDE STREET
MACADAM PARKING LOT
Per Field Survey 3/14/89
PLAN OF PROPERTY
MADE FOR:
READING COMPANY
EIGHTH WARD – PHILADELPHIA
THIS PLAN FOR TITLE PURPOSES ONLY
ATTENTION IS CALLED TO THE ZONING REQUIREMENTS IN THE PHILADELPHIA CODE AS AMENDED
PLAN MADE PER INSTRUCTIONS OF APPLICANT
FIELD SURVEY COMPLETED AS PER THIS DATE
SURVEYOR & REGULATOR
THIRD SURVEY DISTRICT
MARCH 14, 1989
PLAN CORRECT AS PER THIS DATE
SURVEYOR & REGULATOR
THIRD SURVEY DISTRICT
JULY 5, 1984
PLAN CORRECT AS PER THIS DATE
SURVEYOR & REGULATOR
THIRD SURVEY DISTRICT
MARCH 7, 1959
LAWRENCE J. CLEARY

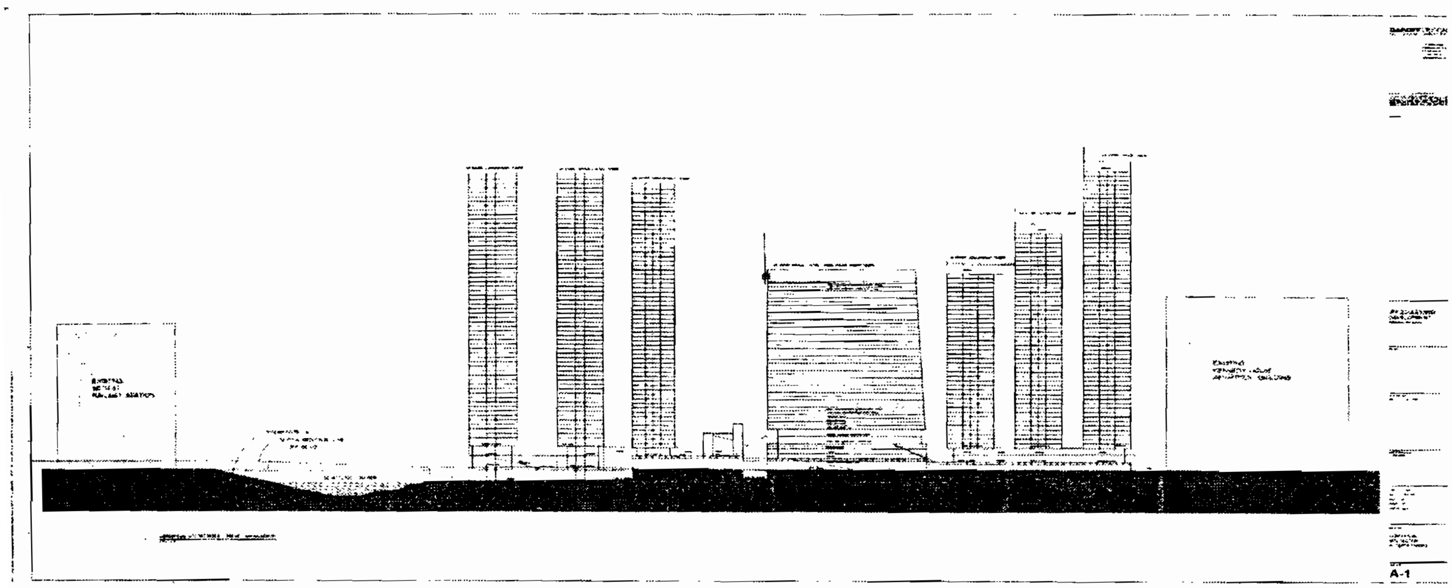
2-23

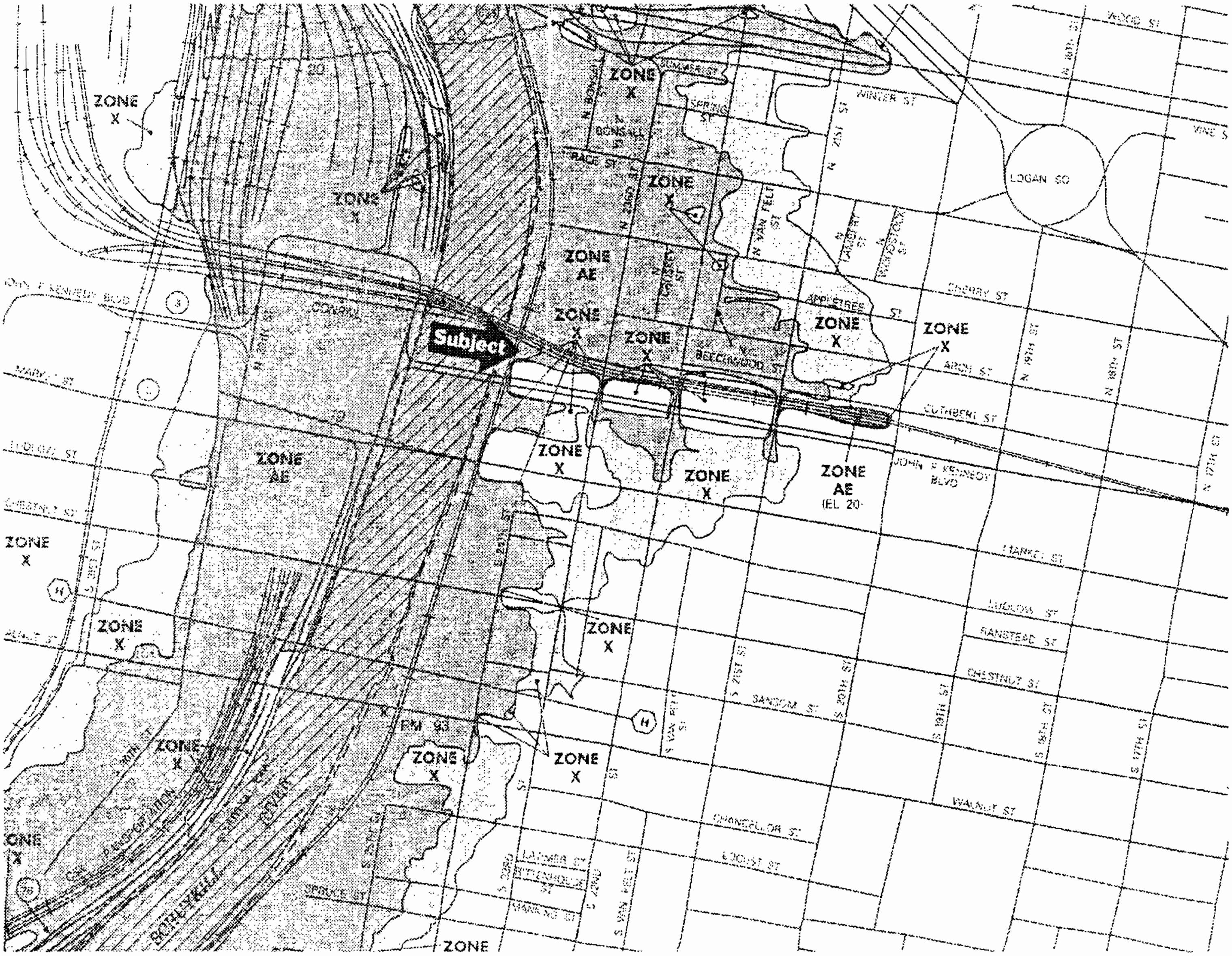

SURVEY AND PLAN OF PROPERTY
8TH WARD - PHILADELPHIA
MADE FOR
THE PENNSYLVANIA RAILROAD COMPANY
THIS PLAN FOR TITLE PURPOSES ONLY
N
AREA IN SQ. FT
PARCEL A 14,989,
PARCEL B 33,574,646
PARCEL C 15,718,250
TOTAL 64,282,880
SCALE 1" = 30'
ATTENTION IS CALLED TO THE ZONING REQUIREMENTS IN THE PHILADELPHIA CODE AS AMENDED
PLAN MADE AS PER INSTRUCTIONS OF APPLICANT
WALDEN (26' WIDE) STREET
PARKING LOT
EXCEPTED TRACK AREA
TWENTY-SECOND (60' WIDE) STREET
TWENTY-FIRST (50' WIDE) STREET
398'0"
JOHN F. KENNEDY (80' WIDE) BOULEVARD
SURVEYOR AND REGULATOR
THIRD SURVEY DISTRICT
NOVEMBER 17, 1957


SURVEY AND PLAN OF PROPERTY
8TH WARD - PHILADELPHIA
MADE FOR
THE PENNSYLVANIA RAILROAD COMPANY
THIS PLAN FOR TITLE PURPOSES ONLY
AREA IN SQ. FT.
PARCEL A 16,543.952
PARCEL B 1,028.502
TOTAL " 27,572.454
SUB STATION = 5527.225
EXCEPTED SUB STATION STRUCTURE
ATTENTION IS CALLED TO THE ZONING REQUIREMENTS
IN THE PHILADELPHIA CODE AS AMENDED
PLAN MADE AS PER INSTRUCTIONS OF APPLICANT
N
SCALE 1" = 20'
CUTHBERT (30' WIDE) STREET
273' 0"
A
EXCEPTED TRACK AREA
B
TWENTY-THIRD STREET (50' WIDE)
TWENTY-SECOND STREET (50' WIDE)
101' 0"
JOHN F. KENNEDY (80' WIDE) BOULEVARD
SURVEYOR AND REGULATOR
THIRD SURVEY DISTRICT
NOVEMBER 29, 1967
F.B. PG.
3-22 SURVEY PREMISES C


SOUTH LINE OF ARCH STREET 72' WIDE PRODUCED
Overhead railroad structure not shown
AREA 77,827 SQ. FT.
SCHUYLKILL RIVER EAST SIDE RAILROAD COMPANY
East right of way line
Old stone wall
TWENTY-THIRD STREET
(50' WIDE)
JOHN F. KENNEDY
(80' WIDE) BOULEVARD
PLAN OF PROPERTY
MADE FOR
THE PENNSYLVANIA RAILROAD CO.
9TH WARD-PHILADELPHIA
SCALE 1"=80'
THIS PLAN FOR TITLE PURPOSES ONLY
See Zoning requirements in the Philadelphia Code
Surveyor & Regulator - Third District
September 20, 1959.




A-1



Subject
ZONE X
ZONE AE
ZONE X
ZONE AE (EL 20)
WINTER ST
VINE ST
LOGAN SQ
CHERRY ST
ARCH ST
CUTHBERT ST
JOHN F KENNEDY BLVD
MARKET ST
LUDLOW ST
RANSTEAD ST
CHESTNUT ST
SANSOM ST
WALNUT ST
CHANCELLOR ST
LOCUST ST
SPRUCE ST
RACE ST
SPRING ST
BEECHWOOD ST
CONRAIL
RM 93
SCHUYLKILL

PROFESSIONAL QUALIFICATIONS

Daniel J. McNeil, MAI
Senior Appraiser
Valuation Services, Capital Markets Group

Mr. McNeil has been involved in the valuation of income producing real estate since 1986 and has been a designated member of the Appraisal Institute since October, 1995.

Mr. McNeil has been employed with the Valuation Services Advisory Group, now Valuation Services Capital Markets Group, of Cushman & Wakefield of Pennsylvania, Inc., Philadelphia, Pa. since August, 2000. He was previously employed between July, 1997 and July, 2000 as an Assistant Vice President and Senior Appraiser with C.B. Richard Ellis, Inc. and operated from its Philadelphia Suburban Office in Wayne. Pa.

Prior to relocating to the Greater Philadelphia Metropolitan Area in July, 1997, Mr. McNeil was previously employed in the valuation of income producing real estate by Koeppel Tener Real Estate Services (1990-1997) and James G. Peel Associates (1986-1990), both located within New York City, New York.

Prior to entering the field of appraisal Mr. McNeil was employed by First American Corporation, Santa Ana, California (1983-1985) as an institutional sales representative of title insurance services and with Barclays Bank and the Connecticut Bank & Trust Company (1976-1983) in various commercial credit and commercial lending positions.

Experience
Appraisal and consulting assignments have included vacant land, urban and suburban commercial office buildings, all types of shopping centers, industrial complexes, retail/commercial properties, and multi-family apartment complexes. Mr. McNeil's experience was concentrated within the Greater New York Metropolitan Area between 1986 and 1997 and within the States of Pennsylvania, New Jersey and Delaware since 1997 to date.

Mr. McNeil is also a member of the firm's Multi-Family Property Group, which specializes in the valuation and investment counseling on multi-family residential properties.

Education
Saint Michael's College, Winooski, Vermont
    Bachelor of Arts - 1976
New York University, New York, New York
    Real Estate Diploma Program 1985-1986
    Required Courses of Study for State Licensure

Appraisal Education
Successfully completed all courses and experience requirements to qualify for the MAI designation. Also, he has completed the requirements of the continuing education program of the Appraisal Institute.

Memberships, Licenses and Professional Affiliations
    Member, Appraisal Institute (MAI Designation #10866)
    Delaware Certified General Appraiser (Certificate # X1-0000314)
    New Jersey Certified General Appraiser (Certificate # RG-01888)
    Pennsylvania Certified General Appraiser (Certificate # GA-001718-L)

CUSHMAN & WAKEFIELD

DISPLAY THIS CERTIFICATE PROMINENTLY / NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

04-228379

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO Box 2649 Harrisburg PA 17105-2649

Certificate Type

Certified General Appraiser

Certificate Status

Active

Initial Certification Date

07/20/1999

DANIEL JOSEPH MCNEIL
1900 MILLERS ROAD
ARDEN DE 19810

Certificate Number

GA001718L

Expiration Date

06/30/2007

Signature

Commissioner of Professional and Occupational Affairs

PROFESSIONAL QUALIFICATIONS

Gerald B. McNamara, MAI

Managing Director
Valuation Services, Capital Markets Group

Following college, Mr. McNamara worked for 11 years (1973 to 1984) in branch operations for Beneficial Savings Bank of Philadelphia attaining the rank of Assistant Vice President. Mr. McNamara joined Cushman and Wakefield as a staff appraiser in 1984. Received the MAI designation of the Appraisal Institute in 1992. In March 1995, Mr. McNamara was designated as an Associate Director of the firm. In July 1997, Mr. McNamara became the Manager of the Philadelphia office of the Valuation Services Group, now Valuation Services Capital Markets Group. In 1998, he was designated as a Director and in 2002 as a Managing Director. Current responsibilities include managing seven appraisers, two of which hold the MAI designation.

Experience

Appraisal and consulting assignments have included vacant land, office buildings, shopping centers, regional malls, industrial complexes, commercial properties, apartment complexes and investment properties, principally in Pennsylvania, New Jersey and Delaware. Mr. McNamara is also a member of the firm's Retail Property Group, which specializes in the valuation and investment counseling on retail properties. Qualified as an expert witness in US Bankruptcy Court for the Northeastern District of Pennsylvania and before assessment appeal proceedings in Philadelphia, Montgomery and Bucks counties in Pennsylvania.

Education

Saint Vincent College, Latrobe, Pennsylvania
    Bachelor of Arts - 1972

Temple University, Philadelphia, Pennsylvania
    Graduate Program in Finance - 1975-1978
    Required Courses of Study for State Licensure

Appraisal Education

Successfully completed all courses and experience requirements to qualify for the MAI designation. Also, he has completed the requirements of the continuing education program of the Appraisal Institute.

Memberships, Licenses and Professional Affiliations

Member, Appraisal Institute (MAI Designation #9380)
Delaware Certified General Appraiser (Certificate #X1-0000050)
Maryland Certified General Appraiser (Certificate #10034)
New Jersey Certified General Appraiser (Certificate #42RG 00081100)
Ohio Certified General Appraiser (Certificate #391901)
Pennsylvania Certified General Appraiser (Certificate #GA-000267-L)
Pennsylvania Real Estate Broker (License #AB-047948-L)

CUSHMAN & WAKEFIELD

Mr. McNamara is the director of the Government Affairs/Legislative Committee of the Philadelphia chapter of the Appraisal Institute. He also served on the ARGUS Advisory Board of the Realm Company of Dallas, Texas, which provides the primary software utilized for investment analysis.

Special Awards
Mr. McNamara was awarded Cushman & Wakefield's Philadelphia office 2000 Service Excellence Award which is awarded to that professional receiving the highest score on client responses for service quality.

04-237276

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO Box 2649 Harrisburg PA 17105-2649

Certificate Type

Certified General Appraiser

Certificate Status

Active

Initial Certification Date

08/19/1991

GERALD BRIAN MCNAMARA
213 CLIVEDEN AVENUE
GLENSIDE PA 19038

Certificate
Number

GA000267L

Expiration Date

06/30/2007

Commissioner of Professional and Occupational Affairs

Signature